The Politics of IO Performance: How the Interests of Donors and IO Staff Shape Performance in the Developing World

Dissertation

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By

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Abstract

The role of international organizations (IOs) in world politics has evolved from one primarily consumed by facilitating cooperation between states to one that includes providing public goods and services within states. In this latter role, IOs are mandated to build domestic capacity in developing countries. Today’s IOs train police, scientists, and teachers, build health clinics, administer vaccines, disarm combatants, and design irrigation systems, roads, and constitutions, to name but a few among countless tasks. The persistence of severe economic inequality across states suggests that the IO role in solving domestic incapacity problems is likely to continue despite the fact that the record of IO performance can only be described as mixed. What factors explain IO performance in solving domestic incapacity problems (DIPs)?

Previous studies emphasize the importance of conditions on the ground in recipient countries in explaining IO performance. I argue that the IO response to domestic incapacity problems is inhibited not only by factors on the ground but also by the interests and incentives of both IO staff and the member states that serve as the primary financiers of IO activities. I develop a theoretical framework to explain when member state donors and IO staff will put their best foot forward in attempting to solve domestic incapacity problems and draw attention to the importance of the tenuous relationship between IO staff and their wealthiest member states.
Efforts to solve DIPs intend to produce benefits for recipient states, not donors. This makes support contingent on donors holding political interests that complement the cause. When support is withheld, it not only hurts performance, but it also damages IO interests. Due to their reliance on donor states, IOs have incentives to prioritize activities that appeal to donors. As a result, IO staff might simultaneously be faithful agents to their donor states, but fail to fulfill mandates to solve domestic incapacity problems. Importantly, however, the likelihood that IO staff will respond to these incentives depends on actors inside the IO. I break from common treatments to treat the IO bureaucracy as a plural, rather than unitary, actor. Competing interests among departments and offices can inhibit a coherent organizational response to donor state incentives and have interesting effects on performance.

The performance of the World Health Organization’s in building health systems capacity in developing countries between 1980 and 2010 provides a first test of the theory. The case demonstrates how easily donor states’ political interests can intervene to prevent support for DIP activities and illustrates the complexity and influence of IO bureaucracy; conflict between WHO offices inhibited performance early on and reforms to alleviate conflict improved performance. The climate change activities of the Global Environmental Facility provide a second testing ground. A comparison between donor state support for mitigation and adaptation activities confirms donor states’ preference for IO projects that produce global benefits. Competition between three GEF implementing agencies—the World Bank, UNDP and UNEP—serves both to motivate their involvement and prevent collaboration, producing mixed effects on performance.
Acknowledgements

The rigors of graduate school might be survived without the support of good friends and colleagues, but I would not like to be the one to test such a theory. My work has benefitted from the feedback of many talented graduate student colleagues. Among this group, Bentley Allan, Austin Carson, and Eric Grynaviski deserve special mention for their insightful feedback. My time at Ohio State would have been far poorer without my good friends and running partners, including Emilie Becault, Sarah Bryner, Lea Fortmann, Tahseen Kazi, Emily Lynch, Eleonora Mattiacci and Katy Powers. Chryl Laird deserves special mention as my reliable friend and compatriot from math camp through graduation.

I have been fortunate to have the support of several faculty members. Randy Schweller provided some of the earliest feedback and support for my dissertation and Alex Wendt challenged my ideas in ways that shaped the project in its early phases. Craig Volden has helped to sharpen the dissertation’s arguments and clarify its contributions and his support at a critical juncture was (and continues to be) greatly appreciated. My greatest debt is undoubtedly to my advisor, Alex Thompson. Few have a critical eye that is more discriminating or persistent. Throughout the dissertation process, Alex was generous with his time and feedback. Perhaps most importantly, he always pushed me to rethink and revise once more when I might otherwise have settled for what I had. He is the kind of academic I would like to be.
In the years before my arrival at Ohio State I was taught by a number of people to whom I owe a great debt. My interest in international relations was spawned in high school, in an AP US History course taught by Greg Schultz. That interest was solidified while I was an undergraduate at Boston University, and especially as a result of courses taught by Michael Corgan and Erik Goldstein. I began my pursuit of graduate study at the University of Oregon. In my two years there, Ron Mitchell managed to teach me most of what I know about IR and to show me the ropes of the profession. His criticism made my work better and his support built my confidence. Ron’s mentorship has been both incredibly helpful and meant a great deal to me personally.

Most of all, I would like to acknowledge my family. My parents, Connie and Dave Graham have been a constant source of support. Not a week goes by that I don’t look forward to my Wednesday and Sunday phone calls from Mom, who is always there to listen, make me laugh, and assure me all will turn out fine in the end. My sister Ashley has been a friend throughout the process and I am grateful to my grandparents, Anna Mae and Bob Graham for having supported my education, particularly in my BU days. Finally, I owe the most to Zoltán Búzás. Zoltán has been with me as the dissertation evolved from its earliest phases—one of our first conversations revolved around a “causal schemes” paper for the project. Since then he has enriched my life in ways that are difficult to adequately describe but might be summed up with “everything is better.” Throughout the process of writing the dissertation, he has experienced all my frustrations, celebrated each success, and lent his critical eye whenever I asked. But perhaps most
importantly, he held my hand whenever non-academic life intervened to present a challenge.
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Chapter One: Introduction

“…few scholars have yet attempted to systematically examine the effectiveness of international organizations in their own right (…) As politicians and practitioners debate organizational reform, academics remain unable to specify how international organizations effect outcomes and impacts of global governance.”

-- Bierman and Bauer, 2003

Today’s international organizations (IOs) find themselves deeply involved in the business of domestic governance. The UN Department of Peacekeeping Operations is on the ground in fifteen countries to provide security where governments are unable to do so (United Nations 2011). The 140 country offices of the World Health Organization build government capacity to provide healthcare to citizens and respond to disease outbreaks. The implementing agencies of the Global Environmental Facility support domestic projects to protect environmental resources and a host of IOs that include the World Bank, the UN Development Program and other regional bodies fund and design projects to kick start development in under-achieving economies.

The persistence of severe economic inequality across states, coupled with a commitment to promote human security, suggests that the IO role in domestic governance is likely to continue. Indeed, some call for increased involvement. Such

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1 Biermann and Bauer 2003, 189-90
appeals are made despite the fact that the record of IO performance can only be described as mixed. In some cases IO contributions are marginal or appear to miss the mark. Two prominent studies in 2009 reveal it is difficult to tell whether $196 billion in UN health programs have improved circumstances in poor countries over the past twenty years (Cheng 2009) and World Bank projects designed to alleviate water shortages were found to underfund the most severely-deprived (Schneider 2010). Frustrations on the part of member states are at times painfully clear: The Food and Agriculture Organization (FAO) has been called a wasteful “bottomless pit of money” by those relying on its resources (Lynch 2008).

Yet one also finds success stories. The World Health Organization (WHO) once led a successful campaign to eradicate small pox. The Small Grants Program at the Global Environmental Facility (GEF) is recognized as a perennial strong performer in its work to address local development needs while producing global benefits (UNDP 2008, 27). And despite serving in difficult and extreme circumstances, UN peacekeepers sometimes achieve measured success (Fortna 2004). The variation in outcomes raises the question: why do some efforts to improve domestic circumstances succeed and others fail? What factors influence IO effectiveness in this area?

These questions motivate the dissertation. In the process of addressing them, I improve our conceptual understanding of IOs and how they operate, I shine a direct light on the politically and theoretically important issue of IO performance, and I redirect our attention to an increasingly important terrain of IO activity: domestic incapacity problems. In the following sections I introduce the IO role in solving domestic incapacity
problems, outline the actors relevant to a theory of IO performance and examine their respective incentives. I then review literature relevant to explanations of IO behavior and provide an outline of the dissertation.

**IOs and Domestic Governance**

When the UN Development Program (UNDP) released its *Human Development Report* in 1994, it called for a new concept of *human security*. The report noted that, for most people, feelings of insecurity arise “more from worries about daily life than from the dread of a cataclysmic world event. Job security, income security, health security, environmental security, security from crime—these are the emerging concerns of human security all over the world” (UNDP 1994, 3). The provision of public goods associated with human security—police, healthcare, development, environmental protection—are typically the stuff of domestic governance. But where domestic governments prove incapable, IOs are increasingly mandated to fill the void; either to temporarily compensate for government failings or to build government capacity to provide in the future. I term these *domestic incapacity problems*.

IO activity in this area spans issue areas and continues to evolve. IOs are important players in fighting war and crime, building government capacity to defend against militant groups and trying to keep the peace between them. Domestic police forces are trained by IO officers who serve alongside local forces patrolling the streets. IO staffers man polling stations during elections to protect against cheating, corruption, and intimidation, and disarmament, demilitarization and rehabilitation (DDR) programs...
administered by IO staff provide jobs to former militants in the hopes of preventing their return to combat.

IO involvement in building government capacity is not limited to conflict-ridden societies. Indeed, a great deal of IO work is aimed at fighting against those non-traditional threats highlighted in UNDP’s *Human Development Report*. UNICEF estimates that 9.2 million children under the age of five die each year as a result of preventable diseases like pneumonia, diarrhea, and malaria and UNICEF and others are mandated to assist governments unable to vaccinate or properly treat disease. The World Food Program (WFP) provides food to civilians to prevent malnourishment and hunger when governments are unable to do so.

The scope of IO involvement in solving incapacity problems associated with human security is deep and wide. Whether in the area of war, health, crime, the environment, education, empowering women, infrastructure projects, agriculture, refugees, or response to natural disasters, IOs are on the ground and working with recipient countries.

If recent events are any indication, this long list will continue to grow. In the post-Cold War era, UN peacekeeping efforts have evolved from tasks associated with traditional peacekeeping, such as monitoring ceasefire agreements, to major state-building efforts (Fortna 2004, 271). In the extreme, the UN has assumed sovereign authority of failed states, building a state quite literally from the ground up (as in the case of Timor-Leste, for example). The expanding scope of UN Department of Peacekeeping
Operations (DPKO) activities has been accompanied by other IOs entering into the business. NATO’s purpose has evolved from a traditional security alliance to include state-building efforts, and regional organizations like the African Union are engaged in peacekeeping as well.

In the area of climate change, international efforts have quickly evolved from negotiating interstate agreements to mitigate climate change to supporting governments’ efforts to adapt to its effects. The number of IOs building capacity in response to environmental issues has surged and the same can be said for those responding to health issues, where the World Bank, UNICEF and UNDP have joined the World Health Organization in dedicating a significant portion of their budget to support health programs. Table 1.1 provides a list of major IOs involved in solving domestic incapacity problems. The list is not exhaustive either in regard to the many varieties of incapacity problems or the IOs tasked to solve them. It does, however, demonstrate that IO involvement is prevalent in solving domestic incapacity problems across a wide range of issue areas.
<table>
<thead>
<tr>
<th>Domestic Incapacity Problem</th>
<th>Active IOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development</td>
<td>World Bank</td>
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<td></td>
<td>UN Development Program (UNDP)</td>
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<tr>
<td></td>
<td>Inter-American Development Bank</td>
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<tr>
<td></td>
<td>Asian Development Bank</td>
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<td></td>
<td>African Development Bank</td>
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<tr>
<td>Security</td>
<td>UN DPKO</td>
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<tr>
<td>-General</td>
<td>North American Treaty Organization (NATO)</td>
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<td></td>
<td>African Union (AU)</td>
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<tr>
<td>-Policing and Police Training</td>
<td>UN DPKO</td>
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<td></td>
<td>NATO</td>
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<td></td>
<td>Organization of American States (OAS)</td>
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<td>-Election monitoring</td>
<td>OSCE</td>
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<td></td>
<td>Council of Europe</td>
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<td></td>
<td>African Union</td>
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<td></td>
<td>Commonwealth Secretariat</td>
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<td></td>
<td>EU</td>
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<tr>
<td>Health</td>
<td>World Health Organization (WHO)</td>
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<tr>
<td>-General</td>
<td>World Bank</td>
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<td></td>
<td>UNICEF</td>
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<td></td>
<td>UNDP</td>
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<tr>
<td>-Hunger</td>
<td>World Food Program (WFP)</td>
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<tr>
<td></td>
<td>Food and Agricultural Organization (FAO)</td>
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<tr>
<td>Environmental Protection</td>
<td>Global Environmental Facility</td>
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<td>World Bank</td>
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<td>UNDP</td>
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<td>UNEP</td>
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<tr>
<td>Natural Disaster Response</td>
<td>UNHCR</td>
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<td></td>
<td>WFP</td>
</tr>
</tbody>
</table>

Table 1.1: Domestic Incapacity Problems and IOs
Although responding to domestic incapacity problems represents a significant and growing proportion of IO activities, you would not know this from reading IR literature, the vast majority of which focuses on how IOs facilitate interstate cooperation. The functions ascribed to IOs in these two problem types, domestic incapacity on the one hand, and interstate cooperation on the other, are quite distinct. IR theory has long conceived of IOs, and of institutions more generally, as useful in solving problems of coordination and collaboration among states (Stein 1982; Martin 1992b). In this role, IOs serve to increase the transparency of state behavior (Keohane 1984; Mitchell 1998), and increase the credibility of states commitments (Martin 1992a). Additionally, IO bureaucrats may perform an agenda-setting role at treaty negotiations and help to facilitate agreement among multiple actors (Kahler 1993; Depledge 2007; Beach 2004).

The importance IOs, and institutions more generally, in solving interstate cooperation problems is subject to much debate (Baldwin 1993; Downs et al. 1996; Simmons and Hopkins 2005; von Stein 2005), but one thing is certain: the list of tasks IOs perform to facilitate interstate cooperation provides a truncated view of what IOs actually do. Table 1.2 provides a sample of IO functions in response to interstate cooperation and domestic incapacity problems.

In the latter set of tasks, IO staff is in a position to directly influence whether a mandate is effectively fulfilled. Mandates put IOs on the ground in recipient countries and whether streets are kept safe or medical care is improved depends on the ability of IO staff to perform well on the job. This makes it all the more important to direct attention to
the study of IO performance—to understand how to increase the likelihood that IOs will put their best foot forward in assisting in the domestic governance of struggling states.

<table>
<thead>
<tr>
<th>Problem Type</th>
<th>Examples of tasks performed by IO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Cooperation</td>
<td>Clearing house for compliance information, publishes reports, agenda setting in treaty negotiations, fill incomplete contracts, dispute settlement</td>
</tr>
<tr>
<td>Domestic Incapacity</td>
<td>Peacekeeping missions, development projects, healthcare, climate change adaptation projects, emergency response, election monitors, truth and justice commissions, vaccination campaigns, police training, neotrusteeship</td>
</tr>
</tbody>
</table>

Table 1.2: Problem Type and IO Tasks

This is not to overstate the influence of IO staff; other factors may intervene to prevent an effective solution and these factors are often beyond their control. Strong IO performance is often a necessary condition—albeit not a sufficient one—for effectiveness in solving incapacity problems. The potential for IOs to alleviate these problems provides the practical motivation for investigating the conditions under which they succeed or fail and such inquiry yields insights that broaden our understanding of IOs as actor in international politics. In particular, it has implications for how we understand the structure of IOs, their informational advantages, and how the relationship between IOs and their member states is understood. The following section examines the incentives IOs and member states face in solving domestic incapacity problems.
IOs and Member States: Actors and Incentives

The relationship between an IO and its member states is the subject of considerable analysis by both scholars and practitioners. UN officials and observers note that increased trust between member states and the Secretariat is necessary to improve performance (UN 2007). And at individual IOs, like the World Health Organization, Food and Agriculture Organization, and the UN Department of Peacekeeping Operations, better performance is thought to hinge in part on improved relations between IO staff and member states (Daes and Daoudy 1993; Christoffersen et al. 2007; Guehenno 2005). In a similar vein, a growing IR literature that regards IOs as actors (discussed below) has focused on understanding the conditions under which IOs will be faithful to member states’ preferences.

In the dissertation I forward two arguments that speak directly to these literatures. The first speaks to the narrower question of when IOs will be faithful agents to their member states. IOs tasked to solve domestic incapacity problems often require far-flung organizational structures made up of multiple actors that may hold conflicting interests, and explanations of IO faithfulness, performance, and other behavior must take these internal factors into account. The second argument is broader and it questions the implied link between positive relations between IO staff and member states on the one hand, and strong performance on the other. The powerful states that fund IO efforts often do not have a clear interest in solving domestic incapacity problems in the developing world. When IO staff are “faithful” to the wishes of donor states, they may nonetheless fail to fulfill DIP mandates.
**Donor States**

The importance of member states to IO performance comes as no surprise given the centrality of states to IR theory. IOs depend primarily on states for financial and political support and widespread cuts have the potential to derail IO efforts. In the context of domestic incapacity problems, there are two types of member states: donors and recipients. The groups are not mutually exclusive but there is typically little overlap between the two. Financial resources from donor states are crucial to performance. Without adequate funding the effort of even the most efficient and hardworking IO staff are likely to falter. This “power of the purse” makes donor states important actors in any explanation of performance. But there are reasons to doubt donors’ commitment to solving DIPs. Chief among them is the fact that citizens in donor countries are not much affected by IO efforts.

When states attempt to solve problems of interstate cooperation they both affect and are affected by the success of the solutions they design. To use the language of organizational management literature, the suppliers (those who design and provide oversight and funding to the IO) and the customers (those served by the IO) are the same group of actors (Choo and Bontis 2002). For example, the proper functioning of NAFTA is dependent upon compliance by Canada, Mexico, and the United States. Likewise, the economy of each state is affected by NAFTA’s successes and failures; whether export-increasing, job-creating, or environmentally damaging. That is, the member states both affect and directly experience NAFTA’s effects. The Montreal and Kyoto Protocols provides similar examples. Their effectiveness is reliant on signatories limiting CFC
production and carbon dioxide emissions. Those same signatories suffer the effects of ozone depletion and global warming if the agreement fails.

The same is true when we look at games used to illustrate cooperation problems in the abstract. In the prisoner’s dilemma, both players must adjust behavior to achieve joint gains, to move from the bottom right to upper left corner of the payoff matrix. Both players are also affected by the result of their interaction; they benefit if institutions can be designed to enable credible commitments and protect against defection, and suffer if they do not. Coordination games are similar in this respect. Players must comply for institutions to be effective; where some ignore the rules (and drive on the left side of the road, for example) all players are at risk. Suasion games represent situations in which some players have a greater incentive to comply than others. In a classic Cold War example, the US finds it has an incentive to provide security to Western Europe regardless of whether the Europeans contribute financially to their own security. The US has a dominant strategy to cooperate. It would appear initially that it would only be the Americans affected by a failure of cooperation. But this is not the case: solutions to the suasion game call for designing institutions involving issue linkage (Martin 1992b), making defection costly for those initially lacking incentives to cooperate. In this way, there are direct consequences for both players: if cooperation fails the US pays more than it would prefer, and the Europeans suffer American protectionism, for example.

In contrast, when addressing domestic incapacity problems, those parties whose actions affect performance and those who experience its consequences only rarely overlap. IO work often does not directly affect donor states in the same way. For
example, if a World Bank development project fails, the consequences are experienced by recipients, not donors. When UN peacekeepers failed to protect citizens in Srebrinica, the highest costs were paid by the intended recipients of UN aid that lost their lives, not by the donor states that financed the failed mission. The absence of this direct connection means that other interests—political or financial—are more likely to influence donor behavior despite their potential negative effects on performance.

The history of prominent donors’ funding decisions gives credence to this logic. For example, in 2004, The US threatened the UN it would “withhold hundreds of millions of dollars of foreign aid aimed at combating terrorism, resolving conflicts, and building democracy unless countries agree to shield Americans from prosecution at the UN permanent war crimes tribunal” (Lauria and Stockman 2004). The US has repeatedly withheld contributions to the UN Population Fund due to the misgivings of social conservatives in Congress (Stockman 2004) and contributions to the World Food Program operations in North Korea have repeatedly been cut or threatened to be cut due to dissatisfaction with the government in Pyongyang (Becker 2003). In 2006, Japan threatened to withhold its funding to UN peacekeeping citing frustrations with waste and corruption, but some experts viewed it as an expression of frustration for failing to get a permanent Security Council seat (Brooke 2003; Farley 2006).

In these cases, rather than demonstrating a concern for solving domestic incapacity problems, a strategy of withholding financial contributions is selected precisely because it threatens to undermine IO performance. It is interesting to note that when a 2009 Congressional Research Service report discussed the downside of linking
financial contributions to UN reform efforts, none mentioned that UN programs might suffer; opponents’ arguments instead were concerned that the US would lose influence in UN bodies (Blanchfield 2009, 9).

Donor decisions to provide political and financial support to IOs have a direct effect on performance. But an additional argument made here is that donor behavior also provides certain incentives for IOs. Support from donor states rewards IO interests while withholding support damages interests. When donor states allow political interests to hold sway over support for a mandate, it sends a signal that the mandate is not a priority. Looking to please donors as a way to satisfy their own interests, IOs might similarly treat mandate fulfillment as a second priority.

International Organizations

In contrast to powerful states, the influence of IO bureaucracy on international politics is less-well established. Shifting our empirical focus to the context of domestic incapacity problems sheds new light on the importance of IOs as knowledge producers and information providers. IO staff possess an experiential advantage over donor states from their work both “on the ground” in recipient states and in negotiating intra-organizational politics. This includes knowledge of how to accomplish tasks and evaluative information regarding how well current efforts are faring. Both types influence the strength of current and future efforts. Indeed, a well-funded IO without essential knowledge and skill is likely in worse shape than a skilled IO that suffers funding shortages. Strong performance requires that IO staff invest in issue specific expertise and
evaluation and make use of local knowledge gained through experience working at country level. But there are reasons IO staff might be deterred from prioritizing making the necessary knowledge and information investments.

Like other organizations, IOs have an interest in survival; they want to draw financial resources and maintain or improve their status in the international community. Donor states are well-positioned to affect these interests by lending their financial and political support. If IOs acted as unitary, rational actors, we would expect their behavior to skew toward donor demands in order to reap the material and status benefits. Whether this is a positive development from the perspective of fulfilling a mandate depends upon donor state priorities. If donor states indicate greater interest in funding HIV/AIDS programs than malaria programs, we would expect IOs to “follow the money” and build greater expertise in HIV/AIDS to attract donor funds while malaria would receive less attention.

The context of domestic incapacity problems reveals that the expectation that IO staff behave as a unitary, rational actor, is not always practical. In solving DIPs, IO work often occurs away from headquarters, either on the ground in recipient countries or inside regional or country offices. Many offices and departments—some IOs include hundreds—enjoy significant autonomy from headquarters, heightening the importance of their preferences and capabilities. This empirical reality requires conceiving of IOs as collective agents, those made up of more than one actor, rather than unitary ones. Much in the way that heterogeneity among actors in a collective principal influences its
behavior, conflicting preferences within a collective agent influence its ability to behave as a coherent actor, respond to incentives provided by donor states, and fulfill mandates.

Competing interests across departments and offices inhibit information flow and cooperation inside IOs and can inhibit responsiveness to donor state demands. In light of the complex nature of IO bureaucracy it is less surprising that donor requests to improve the content and supply of information often go unheeded. Reports by The Four Nations Initiative express donor concerns that information supplied by the UN Secretariat is insufficient and note growing frustration that multiple General Assembly resolutions articulating member states requests have been ignored by the Secretariat (UN 2007, 19).  

IO obstinacy in the face of persistent member state requests is inconsistent with the view often implied by PA explanations—that if member states place pressure on IO agents they can easily be brought into line.

The arguments outlined above contribute to two intertwined literatures reviewed briefly below. The first is a nascent but growing literature on the effectiveness of IO efforts. The second literature has focused less on effectiveness and performance, but has moved forward to treat IOs as actors in their own right. These literatures and their limitations are the subject of the next section.

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2 Similar concerns are expressed by donors regarding evaluation of programs to control the sale and spread of small arms and light weapons (SALW). A recent report notes: “There is growing acceptance within the donor community that the evaluation of all development projects, irrespective of activity group, should be conducted, (whenever possible), using objective, quantitative analysis based on internationally recognized principals of the development community. Yet, little formal work on performance indicators (PI) for SALW control interventions has been done to date and they are rarely included in SALW project documents” (Wilkinson 2004, 1).
The Study of IO Behavior

Only in recent years have IO scholars begun to focus on performance or effectiveness as dependent variables in their studies. In the past, the institutionalist literature has favored other variables, including cooperation (Keohane 1984), compliance (Chayes and Chayes 1993), design (Koremenos et al. 2001) and IO faithfulness to member states (Hawkins et al. 2006). Though each emphasis is useful in its own right, all obscure the practical question of whether any of these efforts, in cooperating, designing, and complying have the intended impact. To be sure, the question of whether institutions increase cooperation among states is important, but it is less so if such cooperation does not have the intended problem-solving or welfare improving effects. Though levels of cooperation may in some circumstances be positively correlated with problem solving, the link is often not clear or compelling (Underdal 1992, 228). Similarly, how actor interests cause institutions to take on a particular form is useful, but the question of the design efficacy is left unconsidered (Wendt 2001, 1043).

With the notable exceptions of UN peacekeeping and the International Monetary Fund (IMF) (Przeworski and Vreeland 2000; Steinwand and Stone 2008), IR scholarship that considers effectiveness as a dependent variable typically studies specific interstate

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4 Assessments of UN peacekeeping effectiveness are of interest here given they are examples of an IO engaged in domestic capacity building. However, current studies focus primarily on the characteristics of the conflict rather than on how IO performance influences effectiveness. For example Doyle and Sambanis (2000) argue that the capacity of states, the depth of war related activity, and the availability of international assistance explain the relative effectiveness of peacekeeping missions. Fortna (2004) focuses on characteristics of the conflict as well as characteristics of the recipient states. In neither case are characteristics of the IO trying to keep the peace or their relationship with member states considered as variables.
agreements or regimes rather than IOs. We would expect that IOs, particularly those with significant bureaucratic structure, influence outcomes in ways that other institutions, such as treaties or norms, cannot. Two approaches, one drawing on the principal-agent framework, the other on sociological institutionalism and organization theory, have emerged to think theoretically about how IO actors influence international politics. I review each of these in turn.

Principal-Agent Theory and IOs

In important ways, principal-agent theory provides a framework for understanding the relationship between member states (as principals) and IOs (as agents). Imported from economics via the American politics literature, the application of PA theory is rationalist in its orientation, but unlike early neoliberal work, it provides tools for understanding how IO behavior may diverge from state preferences. This distinction is an important one as rationalist approaches typically understand IOs to be not only “rationally designed” but to subsequently behave in ways that are consistent with the preferences of the designers. This view tends to justify all IO behavior as consistent with state preferences—if it were otherwise why would states not intervene to prevent IOs from such deviations? PA theory helps to provide an answer. Principals delegate tasks to agents which they then perform on behalf of a principal. Principals delegate to agents for efficiency gains. These are not costless, of course, and principals must be concerned with oversight. Agents have been known to diverge from the preferred path of their respective

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6 For a thorough presentation of this view see Koremenos et al. 2004
principals, and so, to ensure faithful agents, principals engage in oversight (McCubbins and Schwartz 1984).

The application of PA theory to IR has been fruitful in understanding the conditions under which IOs are able to depart from the wishes of member states. Pollack (1997:10) finds the autonomy of the European Commission to vary with the efficacy and credibility of control mechanisms. Alter (1998) demonstrates that different time horizons held by member state principals and their IO agents allowed the European Court of Justice to increase its autonomy over time. Heterogeneity inside a collective principal, too, affects agent autonomy by making it difficult to agree on whether an agent should be sanctioned (Nielson and Tierney 2003).

Although the PA approach recognizes IO agents may stray from principals, thus far it has done little to conceptualize agent preferences. Hawkins and Jacoby (2007) note that the principal-agent literature “contains a remarkably thin view of agent behavior” (199). A thin view of agents becomes particularly problematic in situations where IO preferences are expected to influence outcomes and serve as predictors of IO behavior (Gould 2007, 308). This is often the case when IOs respond to domestic incapacity problems and success in fulfilling mandates depends on the competence of IO staff.

In addition, PA theorists in IR have so far obscured questions of performance by focusing on the faithfulness of IO agents. A ‘faithful’ agent (measured in terms of behaving consistent with state demands) can simultaneously be a poor performer (when it

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7 A few authors have conceptualized agent preferences; however, each assumes a unitary actor and therefore a single preference on the part of the agent, e.g. Alter 1998, Hawkins and Jacoby 2006, Milner 2006.
comes to solving the identified problem or project being worked on). In this way the literature susceptible to the same critique made against work on cooperation theory, that it is not whether states can cooperate, but whether such cooperation actually helps to solve the problem that is important.

Sociological approaches and IOs

Sociological approaches have gone further in taking IOs seriously as actors. Barnett and Finnemore (1999) ground IO autonomy in the rational-legal authority of the bureaucratic form. In combination with expertise, perceptions of bureaucracy as rational and apolitical provide IOs with an independent source of authority. The authors examine how IO pathologies lead them to behave in ways that are inconsistent with the interests of their member states and in ways that are inconsistent with the organization’s core values. A few authors have built on this work to show how an organizations’ norms and values sometimes conflict with the functional necessities of the job (Lipson 2007; Paris 2003) and to further specify how internal culture can influence IO behavior (Weaver 2008).

A primary weakness of sociological approaches is that they do not sufficiently grapple with the relationship between IO bureaucracy and its member states when it would be reasonable to expect that the relationship to be helpful in understanding the conditions under which IOs will be subject to pathologies outlined by Barnett and Finnemore. The literature makes an important step forward by recognizing that “Organizational coherence is an accomplishment rather than a given” (Barnett and Finnemore 1999, 724). I argue that building on this observation is crucial to
understanding IO performance and that its implications have not been fleshed out in the literature. This absence leaves us without answers to key questions: What are the relevant sources of contestation within IO bureaucracy (cultural or otherwise)? How do these divisions influence performance?

The dissertation helps to answer these questions first by treating IOs as collective agents and allowing that the interests of different actors inside IOs influence performance, and second by examining how the engagement of IO collective agents with member state principals influences performance in solving domestic incapacity problems.

Outline of the Dissertation

First, in Chapter Two, I outline a theory of IO performance in solving domestic incapacity problems. I argue that IO performance cannot be sufficiently explained without taking into consideration the relationship between an IO and its member states. From the theoretical framework I develop two hypotheses, which include variables specific to the IO bureaucracy, to member states, and to the relationship between them. Chapter Two also dedicates sections to variable conceptualization and the development of a research design to test the theory of performance.

Chapters Three and Four examine the performance of the World Health Organization over a thirty year period (1980-2010). Chapter Three focuses on WHO performance in response to a classic domestic incapacity problem, health systems development. The Chapter demonstrates how donor states’ political interests contradicted support for the WHO approach to health systems, causing them to cut
funding and withhold political support. Interestingly, during the time period considered in Chapter Three, 1980 to 1997, WHO did little to respond to donor states’ interests. The analysis reveals this was due to internal conflicts inside the WHO bureaucracy.

Chapter Four continues the analysis of WHO health systems work but adds a cross-mandate dimension, comparing WHO performance in health systems with other mandates more popular with donor states. The analysis shows how donors’ shifting interests in global health caused them to provide support for mandates that responded to global problems, but continue to withhold support for DIP mandates. Having undergone reform to overcome internal conflict, WHO is better able to respond to donor incentives in the second time period. WHO reframes its health systems approach to appeal to donors and also initiates new global health initiatives with an eye toward attracting new funds.

Chapter Five tests the dissertation’s arguments in a second issue area and at a second IO. The Chapter considers the performance of the Global Environmental Facility in fulfilling its climate change mandate to assist developing countries with adaptation. Donor states’ support is compared across two GEF climate change mandates in mitigation (produces global benefits) and adaptation (produces local benefits). The Chapter then considers the effects of the competing interests held by the multiple actors inside the GEF structure, which include the World Bank, UN Development Program, and UN Environmental Program.

Chapter Six summarizes the findings of the findings of the dissertation and provides a comparison of the three cases. These findings are used to reflect on the
theoretical implications of the dissertation for the study of IO behavior and IR theory more generally. I discuss trends in global governance and IO design and contemplate their likely effect on IO performance in light of insights from the dissertation. Finally, I discuss the limitations of the project and potential avenues for future research.
Chapter Two: Interests, Incentives and Fragmentation: How Donor States and IO staff Shape Performance

International Organizations (IOs) are today engaged in developing countries across the globe. In their work, IOs are mandated to build capacity in places where it is lacking. They train police forces, scientists, and teachers, build health clinics, administer vaccines, disarm combatants, and design irrigation systems, roads, and constitutions, to name but a few among countless tasks. IOs perform these tasks in response to what I term \textit{domestic incapacity problems}. Domestic incapacity problems are situations in which a state is unable to provide a needed public good or service—for example healthcare, security, or education—to its population.\textsuperscript{8}

Domestic incapacity problems (DIPs) are by no means easy to solve. Conditions on the ground in recipient countries can thwart the initial performance and sustainability of even the most competent assistance. Examples of such failures abound. The performance of peacekeeping missions is correlated with the difficulty of conditions encountered on the ground (Fortna 2008). Rotting railways, roads, and bridges scattered across the African continent—once the shiny accomplishments of foreign aid—demonstrate well the challenges to sustainability. In this context, the efforts of IOs, funded primarily by a wealthy, narrow slice of a broader membership of states, appear

\textsuperscript{8} For a more detailed explanation of incapacity problems see Chapter One.
well-intentioned. Ineffectiveness is the result of disadvantages inside recipient states—of incapacity itself—and IOs deserve little blame for the limits of their efforts.

I argue that such an understanding is incomplete. The IO response to domestic incapacity problems is inhibited not only by factors on the ground but also by the interests and incentives of both IO staff and the member states that serve as the primary financiers of IO activities. I develop a theoretical framework to explain when member state donors and IO staff will put their best foot forward in attempting to solve domestic incapacity problems in the developing world, and when they will not. I specify the conditions under which donor states will choose to provide the financial and political backing necessary in support of IO efforts and when IO staff will choose to invest in the expertise and evaluation necessary to competently assist recipient states in fulfilling DIP mandates.

I begin by articulating the respective resources of IOs and donor states and how those resources influence IO performance. In the context of domestic incapacity problems, the incentives to solve DIPs are mixed for both parties. Fulfillment of the mandate is often a second priority that competes with the political interests of donors and the organizational interests of IO staff. When political interests call for behavior inconsistent with providing support, donor states are likely to withhold resources. The same can be expected of IO staff; when organizational interests are inconsistent with investments, staff will choose to demote the importance of domestic capacity building efforts.

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9 When I refer to “IO” I refer to the bureaucracy and staff of the IO and not its member states.
The decisions of donor states and IO staff have a direct effect on IO performance: when donors reduce funding the scale and reach of IO efforts is reduced. When IOs lack relevant knowledge and information, their interventions are less competent. But there is also a second, indirect effect of these decisions resulting from the strategic interaction between IO staff and donor states. In choosing not to support IO efforts, donor states do harm to IO interests. This provides an incentive for IO staff to reduce their investments in DIP mandates and shift to other areas more likely to garner donor support. In doing so, the quality of IO efforts is further diminished. The reverse is also true: if donors provide support for IO efforts to solve domestic incapacity problems, IO interests are buoyed, thereby increasing the incentives of IO staff to invest in improving their performance in an area that will reap rewards.

These expectations regarding IO performance in the context of DIPs are straightforward but incomplete. The proposed framework provides an important condition: the expectations regarding IO responsiveness to incentives provided by donor states are less likely to hold where IO bureaucracies do not function as unitary actors. The nature of domestic incapacity problems, which typically requires IOs to have a global presence—beyond a single headquarters office—often precludes such an assumption. To account for this empirical reality, I theorize IO bureaucracy as a collective agent, one made up of multiple actors whose interests vary. I outline expectations for how this internal variation influences IO responsiveness to incentives provided by donors and how they prioritize fulfilling DIP mandates.
The approach differs from previous work in three ways. First, it develops the interests of IOs as actors and places the IO in a strategic relationship with donor states. Previous scholarship has tended to do one or the other. Work employing the principal-agent framework understands the relationship between member states (principals) and an IO (agent) as strategic, but explanatory power usually comes from variation on the principal side of the equation. The alignment of donor interests (Nielson and Tierney 2003; Thompson 2006) and the availability of control mechanisms (Pollack 1997; Cortell and Peterson 2006) influence whether an IO agent is ‘faithful’ to its principals. Though the potential for agents to affect behavior is clear (Gould 2007; Hawkins and Jacoby 2006), few have considered how preferences vary inside IO actors and how variation influences behavior in a systematic way.

In contrast, work drawing on insights from sociological institutionalism and organization theory develop IO interests more thoroughly, with particular attention paid to organizational culture (Barnett and Finnemore 2004; Weaver 2008; Lipson 2007). But for the most part these works stop short of placing this ‘thick’ conception of IOs in the context of a strategic relationship with member states to consider the circumstances under which those interests influence IO behavior (Gutner and Thompson 2010, 229). My approach takes IO interests seriously and considers how variation in IO interests influences interactions with its member states, thus providing a more complete picture of IO politics and performance.

Second, the context of domestic incapacity problems draws attention to the complexity of IO bureaucracy. Mandated to respond to problems all over the world, IOs
often include offices that are scattered geographically and possess different priorities and interests. By treating the IO as a plural actor, the collective agent framework allows interests to vary across actors in the IO bureaucracy and to consider how fragmented interests influence IO decisions to support DIP mandates. Interestingly, the theory provides the counterintuitive expectation that under certain conditions, IOs with fragmented interests are actually more supportive of DIP mandates than IOs with internal actors that possess compatible interests.

Third, I shed new light on the effects of donor funding on IO performance. Most often donor funding cuts are criticized because they directly limit the scope and scale of IO efforts. This direct effect is accurate, and important. But the framework offered here also expects a second, indirect effect noted above. When donors withhold financing and political support from DIP mandates, they also damage the interests of IOs. In doing so, they provide incentives for IOs to shift their own expertise and information investments to areas more likely to be rewarded by donors. Simply put, when donors cut funding, they not only limit the scope of IO efforts, but also limit the quality of IO expertise on the issue.

The chapter proceeds in several parts. I begin by defining key terms used throughout the rest of dissertation. In the second section I outline the resources of donor states and IOs in responding to domestic incapacity problems and how the supply or denial of these resources influences performance. The third section considers donor and IO interests in the context of domestic incapacity problems. In both cases I consider how actors balance competing interests and how fragmented interests (across donor states and
across actors inside the IO bureaucracy) complicate the picture. The fourth section provides an interest-based theory to explain donor and IO decisions to invest in mandates to respond to domestic incapacity problems and develops testable hypotheses. In the fifth section I outline the dissertation’s research design and operationalize variables. I conclude the chapter by previewing the empirical work in the dissertation.

**Defining Terms**

In defining the class of cases relevant to the project I make use of a common definition of international organization (IO) used in the literature. An IO meets three basic requirements. They are (1) formal entities; (2) have states as members; and (3) possess a permanent secretariat or staff (Pevehouse and Nordstrom 2004, 103). This broad definition excludes some prominent institutions such as the G-8 or G-20 groups that lack permanent secretariats or staff, international non-governmental organizations (INGOs), and multinational corporations (MNCs).

Within the larger class of IOs the dissertation is interested in those engaged in solving domestic incapacity problems. *Domestic* incapacity problems are those in which the people affected by the problem are largely contained within a particular state or region. For example, in chapter three I look at the performance of the World Health Organization (WHO) in assisting developing countries to improve basic health services to their citizens. In contrast, *global* incapacity problems have clear effects beyond state borders. Increasing greenhouse gas emissions in the developing world provides an example. Developing states may lack the willingness or ability to compromise
development for environmental concerns and the effects of such incapacity affect populations beyond their borders.

The theory outlined below distinguishes different actors within the IO: staff and bureaucracy on the one hand, and the member states who serve as the major financial contributors to the IO on the other. For the sake of clarity, when using the term “IO,” I refer to the bureaucracy and staff of an IO and not its member states. Likewise, when I refer to the World Health Organization (WHO) or the World Bank, I refer to the bureaucracy and staff of those organizations rather than to their respective member states.

In the context of domestic incapacity problems IOs often include significant bureaucracy and offices located across the globe. Typical structures include global, regional and country-level offices and a variety of issue-specific programs. In short, IOs are made up of multiple actors. In a later section I discuss when and why it is valuable to consider the interests and behavior of these internal actors in explaining IO performance.

The major financial contributors are referred to as member state donors, or donor states. Importantly, when dealing with domestic incapacity problems, member state donors are not the beneficiaries of IO projects. For example, Scandinavian countries are important donors to many UN agencies, but those agencies rarely provide goods and services in Sweden or Norway. Instead, projects are intended to benefit recipient states. Although recipient states are not primary actors in the framework offered here, as the targets of IO assistance they are referred to throughout the text.
IO performance serves as the dependent variable of the study. Both IOs and donor states possess financial, political, and informational resources that can be used in support of DIP mandates. In the next section I provide a thorough description of the information and knowledge resources of IOs and the political and financial resources of donor states. The provision of these resources by donor states and IOs provide two broad indicators of IO performance. For example, when donor states provide ample financial support, and IO staff invest in the expertise and local knowledge necessary to competently implement a project, IO performance is high. In contrast, when both fail to support the mandate, performance is low. When unilateral support occurs, performance is middling. This conceptualization of performance and its operationalization is discussed in a later section.

Resources

Gutner and Thompson (2010: 231) note that IO “Performance reflects the behavior of two sets of actors, the member states and the staff.” Donor states and IOs both have the potential to contribute important resources to solve domestic incapacity problems, but both also face limitations. Donor state funding and political support are critical to performance, but without competent staff, money is wasted and problems go unsolved. Staff are often able to influence how resources are distributed. Equally important, IO staff possess information and knowledge resources that, when utilized properly, can increase the quality of IO programs. I begin by discussing the financial support from donor states, how funds are supplied and how they influence performance, before moving on to flesh out the information and knowledge resources of IOs.
Donor State Resources

In the context of domestic incapacity problems the role of donor states is colored by two inconvenient facts. First, donor financing is essential to IO efforts and second, donor states themselves are not typically affected by the success or failure of IO work. These facts imply that IOs (and recipient states) are reliant on a group of states that do not have a direct stake in whether IO mandates to solve domestic incapacity problems are successfully fulfilled. This section discusses how donor states provide resources to IOs and emphasizes the extent to which these resources are supplied by a very small subset of member states.

It is difficult to imagine IOs performing well in absence of ample financial resources. Although IOs do not rely exclusively on states for funding (some receive contributions from individuals and like-minded organizations and development banks have at times earned enough interest on loans to keep afloat), they do rely overwhelmingly on states. Member states fund IOs in two ways. The first is through mandatory contributions that are determined by treaty or formal agreement, usually based on relative economic indicators. Examples include the “regular budgets” of the UN and many of its agencies (e.g. the World Health Organization, Food and Agricultural Organization and International Labor Organization). Regular budgets typically cover administrative costs and staff salaries along with many substantive programs.

The second, and growing, method is for donor states to provide financial support through voluntary funds. Voluntary funding would appear to indicate that donors are
providing support over and above their mandatory requirement, and sometimes this is the case. Donor states may sponsor ‘pet projects’ through an IO, such as the recent contributions by Japan to sponsor UNDP climate initiatives in Africa (UNDP and Assistance 2008). But voluntary funds are also a way for donors to assert greater control over how IO funds are distributed across different programs. Voluntary contributions are often supplied with very tight strings, and their renewal is contingent upon meeting agreed upon indicators of success. So while voluntary contributions serve to increase an IO’s overall budget, they are also less reliable and more subject to the political whims of member states than their mandatory counterparts.

For both methods of funding, IOs rely disproportionately on a small subset of their member states for the bulk of these financial resources. For example, more than 40 percent of the UN regular budget is supplied by three of its 192 member states (the US, Japan, and Germany) and the top nine contributors supply more than 75 percent. Similarly, at the International Development Agency (the concessional arm of the World Bank), contributions from the UK, the US, and Germany account for about 40 percent of state-supplied funds.

The importance of these very few member states to the success of IO efforts is substantial, and inadequate funding is often blamed when IO efforts fall short of expectations. There are a number of reasons for this. First, insufficient funds limit the reach and scale of IO efforts. Sometimes this means providing assistance to fewer people. For example, the gap between funds promised and those delivered by member states limited the number of people the UN could serve during recent emergency relief efforts.
in Haiti and Pakistan (UN News Centre 2008). Second, inadequate funds challenge the sustainability of IO efforts. After a recent crisis in Burundi, member states agreed to a two-pronged assistance approach involving emergency assistance followed by a gradual shift to the resettlement of displaced persons, but the under-funded effort limited the UN to emergency assistance and constrained its ability to respond to disease outbreaks among displaced persons (IRIN Humanitarian news and Analysis 2009). Third, unreliable and delayed funding hampers IO planning because staff are unsure how much money will be available to finance efforts or when it will be delivered. These delays are viewed as a major obstacle to successful UN peacekeeping efforts (Delahunt 2008). This has been particularly true in post-conflict settings where the UN has promised food, shelter, and job training for former combatants. When financial aid and supplies are not delivered, many return to more nefarious alternatives to make ends meet.

Given the influence of financial resources, it would seem that the importance of wealthy donor states would be difficult to overstate. IOs rely disproportionately on a few member states to supply financing; given this reliance it would be easy to conclude that IOs are a far inferior partner in their relationship with donor states. They cannot tax, and the developing countries that rely on their services are not often in a position to pay. Without member state funds, IO efforts will fall flat and in the face of cuts, the scale of IO efforts is reduced.

While all this is true, the generous and reliable flow of financial assistance from donor countries is far from sufficient to guarantee effective IO programs (Easterly and Pfutze 2008; Moyo 2009). Donor states rely on IOs to acquire and deploy information
and knowledge resources that include local knowledge of recipients, technical expertise, and evaluative information of IO efforts. In some cases donors are not in a position to acquire these resources that are so critical to success. Local knowledge specific to individual developing countries across the globe takes considerable time to acquire. In other cases, donor states forgo their own expertise by virtue of delegation. Donors may possess incredible technical expertise domestically, but choose not to deploy the same expertise in response to DIPs, instead delegating the task to IOs. In either case, these information and knowledge resources are an integral aspect of IO performance.

**IO Resources**

In elucidating the importance of IO knowledge to solving domestic incapacity problems, the analogy of building a house is useful. To build a high quality home requires a substantial budget, a talented architect, and knowledge of the neighborhood. If promised funds are not delivered, house plans need to be reworked and reduced. But a great deal of money will not compensate for a builder lacking the skill necessary to translate blueprints into buildings. Similarly, lacking knowledge of your locale, the expert builder with an adequate budget may produce a beautiful home that sits on a flood plain or fault line, its sustainability under constant threat. It is with this importance of knowledge in mind that I turn to addressing the resources of IOs in solving domestic incapacity problems.

Informational arguments are ubiquitous in studies of international institutions, yet conventional treatments are too narrow to appreciate the range of information resources
IOs bring to bear in solving domestic incapacity problems. Theories of international regimes and treaties have long emphasized their role as information providers that serve to increase the transparency of state behavior and in doing so facilitate interstate cooperation (Keohane 1984; Mitchell 1998; Dai 2002). This role is less relevant to IOs attempting to solve domestic incapacity problems, where assuring member state compliance is not the relevant task. Instead, IOs are on the ground, away from headquarters, and providing goods and services in recipient countries. Two informational advantages discussed in the literature become relevant in this context. First, for those employing a principal-agent (PA) approach, the informational advantages that IO agents hold over member state principals are critical. When IOs engage in highly technical or geographically distant tasks, they have opportunities to hide information. IOs seeking to avoid oversight and criticism can use this advantage as a buffer against member state (Lipson 2007). Second, both PA theorists and those employing a sociological approach regard the technical expertise of IOs as a potential motivation for delegation (Hawkins et al. 2006; Barnett and Finnemore 2004).

In what follows I discuss these advantages in the context of domestic incapacity problems and expand on them by bringing attention to the experiential knowledge of IOs and their ability to provide evaluative information based on performance in the field. It is important to note here that I do not mean to argue that all IOs possess these informational resources, rather that these resources are needed to facilitate strong performance in solving domestic incapacity problems. I divide these resources into three categories: technical expertise, experiential knowledge, and evaluative information.
The technical expertise of bureaucrats (like that of domestic bureaucrats) is frequently discussed as a motivation for delegation. IO bureaucrats, whether World Bank economists or UNEP climatologists, are often regarded as experts and outsiders defer to their superior credentials (Barnett and Finnemore 1999, 709). The technical expertise required to solve DIPs is as broad and varied as the problems themselves. Effective implementation of a disease eradication program requires expertise in the medical field but also in the economics of the pharmaceutical industry and in the logistics of aid delivery. Training local security forces requires expertise in policing, but also the pedagogy necessary to impart policing lessons.

Technical expertise provides an important element of IO resources, but alone it is unlikely to assure strong IO performance. The story of the “technical expert” confidently intervening in foreign lands to disastrous effect is all too common in the development literature. Without careful consideration of local context, technical expertise tends toward universal solutions that are likely to fail. This points to a second important resource of IOs in solving domestic incapacity problems: experiential knowledge. IO staff members have the benefit of first-hand experience in the field and as a result have opportunities to acquire knowledge that others (including donor states) do not. It is individual staff members who have the opportunity to make sense of the world they encounter, note differences between expected and actual outcomes, draw inferences from those experiences, and experiment with solutions that take into account new understandings of their environment (Friedman 2001). In addition, many IOs benefit from long-term relationships with recipient states that can provide the knowledge of local context that is
essential to effectively implementing IO programs. Such knowledge is critical, as even well-intentioned efforts are likely to fail where local considerations are not taken into account.

A second experiential advantage results from knowledge gained working inside IO bureaucracy (Huber 1991, 92). The structural complexity of IOs engaged in solving DIPs can hardly be overstated, a point I discuss at length later in the chapter. This makes knowledge of how to navigate IO bureaucracy a critical resource for getting things done in the field. Tedious as it may seem, knowing which form to file and whom to return it to might be the difference between receiving expeditious or delayed funding. In the face of a crisis, knowing how and to whom to signal an alarm can be critical in determining whether that alarm is heard by IO leadership and donor states. No one is better placed to possess this bureaucratic knowledge than the seasoned IO staffer.

Finally, IOs also possess resources in the form of evaluative information. This is born from their firsthand experience in the field and inside the organization. IO staff see their efforts first hand (donor states do not). For donor states, there is a break in the information feedback loop between policymaking, policy implementation, and policy effects (Martens et al. 2002, 170). Donors influence policymaking through their financial contributions but they do not experience implementation. In practice this amounts to the IO having a substantial informational advantage regarding its own performance when compared to donor states. Information on performance is highly valuable. Donor states need it to make informed decisions on program design, IO reform, and funding. But the
quality and volume of information donors receive depends on what is shared by IOs. In this way, donor state principals are quite reliant on their IO agent.

Of course, there are other ways for donor states to ascertain information. Donors could regularly fund independent studies to assess performance. They could interview civilians and governments in recipient states about the efficacy of IO work. Donors could compare reports commissioned by NGOs with those supplied inside the organization and look for inconsistencies. Each of these is a plausible method for donors to overcome their natural information deficiency. But each requires time and effort donors are not well-motivated to supply. Donor states delegate to IOs in part to improve efficiency. Heavy oversight costs diminish the benefits of delegation. In absence of a direct stake in performance, donor incentives to overcome informational deficiencies are limited. In other words, the problem of observability of IO behavior is compounded by a lack of motivation.

The incentives for IOs (and organizations more generally) to engage in objective evaluation are considered below, but it is important first to consider the value of evaluation for performance in the abstract. At its most earnest, the goal of evaluation is to improve performance of a program or project. Given that the record on IO development efforts over the past sixty years is mixed at best, instances of serious evaluation and self-reflection represent an important resource in designing and implementing future efforts and the failure to evaluate to this end results in lost opportunities to improve.

In addition to these knowledge and informational resources, it is important not to overlook the financial powers that IOs exercise once funds are provided to them. Despite
their relative poverty compared to wealthier donor states, IOs do exercise considerable influence over how resources are used once they are supplied by donors. There are two ways in which IO staff exercise influence. The first is through their ability to determine how resources are distributed in the IO once supplied. Budgets typically originate with IO staff who present a proposed budget to member states. In this way, IO staff set the agenda in budgeting even if member states retain the right to reject or amend its content.

Budgeting power is typically more significant in the case of mandatory contributions. As noted above, the target of voluntary contributions is more often determined by the states (or non-state actors) that supply them.

The second source of staff influence is less formal, but no less critical to performance. Once financial resources are made available to departments and staff as specified in a formal budget, staff members empowered to put that money to use can either use resources for the reasons they were intended, or toward more parochial ends. Stories of corruption and fraud inside IOs are not uncommon. The Oil-for-food scandal at the UN still raises the ire of US Congressional representatives and the recent cases of corruption at the World Food Program and Global Aids Fund have added fuel to the fire (McLure 2010; The Economist 2011a). The lesson is that though donors might influence (or even determine) program budgets, they cannot control entirely how resources are deployed once they reach the hands of IO staff.

The discussion of resources gives credence to the idea that both the donors and relevant IO contribute important resources to solving DIPs. Now that this is established the primary question becomes when do donor states and IOs supply their respective
resources? In other words, when will donors fund IOs to fulfill DIP mandates and when will IOs invest and deploy information and knowledge resources necessary to ensure a high quality effort? I argue that a consideration of donor and IO interests in the context of domestic incapacity problems is useful in answering this question. I assume donor states and IOs are self-interested actors that must balance multiple interests. I begin by considering donor state interests and their willingness to support DIP mandates.

**Donor State Interests**

To understand donor interests in the context of incapacity problems, one must consider the scale of benefits expected from IO efforts. It varies considerably because some domestic shortcomings have global implications. For example, the incapacity of a domestic government to control terrorist activities inside produces negative effects locally, but may also pose a global terrorist threat. Such a case poses a global rather than domestic incapacity problem. However, the effects of most IO development efforts are domestic or even local: improved irrigation systems, water sanitation programs, or a new road or bridge directly affects the lives of those nearby, but there is no parallel effect on the member states that foot the bill. Donors typically do not experience IO efforts to solve domestic incapacity problems directly – they do not reap the benefits of success or endure the consequences of failure.

The distance from the action and effects of IO efforts is critical to understanding donor state interests regarding DIPs. All else equal, donor states would prefer that IO efforts to solve DIPs are effective, but they also have political interests to satisfy. This
means that donor states have two broad questions to answer when considering funding levels for IO efforts. First, what level of support would give the IO the best chance for success? And second, would providing that support satisfy or impair my political interests? Sometimes donors’ political interests and DIP interests are complementary. For example, in the climate change arena, wealthy (donor) states have a political interest in an agreement that requires developing countries to agree to binding emissions cuts. In order to achieve such an agreement donor states must provide financing for climate change adaptation projects, which typically have only local benefits. So while donors will not reap a direct benefit from adaptation projects, they hope to benefit in the form of a broader climate change agreement with binding emissions reductions for developing countries. In this scenario donors can satisfy both political and DIP mandate interests with the same behavior (financing adaptation).

In other cases the two sets of interests will contradict. US decisions to cut off funding for the UN Population Fund due to the concerns of conservative politicians over the Fund’s support for family planning programs provides an example where domestic political interests conflict with support for IO activities. International political interests, too, can contradict an interest in seeing IO efforts succeed. During the 1980s the US threatened to cut all funding to the World Health Organization when it considered providing the Palestinian Liberation Organization with observer status. Similarly, threats by Japan to cut funds to the UN are judged by many to be used as leverage in its bid for a permanent Security Council seat. Interests can also contradict when donor states wish to
express displeasure with an IO more generally and determine that cutting resources is necessary despite its negative short term effect on IO activities.

Figure 2.1 provides donor state preferences over satisfying political and mandate interests where mandate interests require providing support to an IO. I assume that donor states are self-interested actors. In the most preferred option, donors are able to satisfy both sets of outcomes. Here the mandate and political interests are complementary as in the climate change case above. The ordering of the second and third preferences are critical. If donor states are required to choose, they will satisfy political interests at a cost to DIP mandate interests, putting IO efforts to solve domestic incapacity problems at risk (the second most preferred option below). This preference ordering provides a backdrop to understanding donor state behavior. It helps to explain why threats to cut funding (as well as actual cuts) are frequent. It is also helpful in explaining why oversight of IO activities by donors is sometimes weak: donors are more concerned that IOs perform well when they themselves are affected and are less concerned when they are not. IO efforts to solve DIPS provide a set of problems where donor motivation to provide oversight is particularly low and where the costs of oversight are often quite high, making IO expertise all the more important to performance.
The effect of donor interests is complicated by the fact that they may vary across donor states. In applying the principal-agent framework to an analysis of the World Bank, Nielson and Tierney (2003) apply to IOs the concept of a collective principal, where an agent is contracted by a principal that includes more than one actor.\(^\text{10}\) The examples in the preceding section make clear the relevance of the collective principal concept. Donor interests are often idiosyncratic rather than shared. US concerns regarding the UN Population Fund are not shared by many Western European donors and Japan’s quest for a Security Council seat is the result of an unusual if not entirely unique set of circumstances. Individual donor states might differ in their approval of an IO’s leadership or policy direction. The larger point is that the degree to which political interests and mandate interests overlap may differ across donors, that is, interests may be fragmented.

\(^{10}\text{Nielson and Tierney 2003, 247.}\)
The collective principal concept allows us to theorize how this variation influences donor decisions to fund IO efforts.

There are parallels between donor and IO interests. Like donors, IOs are self-interested actors with multiple interests they must balance. And also like a group of donor states, in the context of domestic incapacity problems, IOs are made up of multiple actors with interests that vary. To accommodate this variation, I offer the collective agent concept as a complement to the collective principal concept currently utilized in the IR literature. I begin by considering the interests of IOs more generally before discussing how and why those interests vary across actors inside IOs.

**IO Interests**

IR scholarship has only recently begun to theorize the interests of IOs as political actors. Hawkins and Jacoby (2007) write that the principal-agent literature “contains a remarkably thin view of agent behavior” and that Williamson’s (1985:30) depiction of agents as opportunists, engaging in “self-interest seeking with guile,” remains as the classic statement on the issue (p. 199). A number of factors contribute to the reluctance to consider IO interests. First, and perhaps foremost, mainstream IR has understood international institutions and IOs as extensions of state interests (Stein 1982; Krasner 1991; Koremenos et al. 2001). In this view, to the extent that IOs possess interests, they reflect those of states and do not require independent investigation. Further, if we assume member state principals exert tight control over IO agents, there is little reason to
consider the interests of the latter as they are not able to diverge from member state preferences.

A second contributing factor is a perception that IOs, and institutions more generally, are ‘good’ things in a normative sense (Gallarotti 1991). If IO staff are do-gooders rather than strategic actors with their own agenda, one need not flesh out what that agenda might be, but rather can simply assume IOs are trying to do the right thing. Third, the perception of IO bureaucracy as neutral, technical, and scientific, has contributed to IOs being overlooked as political actors and caused us to neglect their potential for dysfunction (Barnett and Finnemore 2004). Interestingly, these different views provide different implications for what IO interests are. In the first case they are synonymous with state interests, in the second they reflect the public good, and in the third, they are related to the norms and commitments of experts in a specialized field. This disagreement begs the question, what are IO interests?

I assume IOs to be self-interested actors that possess multiple interests. The discussion that follows builds on recent literature that takes IO interests seriously (Mathiason 2007) and moves it forward in two ways: First, by specifying how IOs manage competing interests, and second, by considering how interests vary across actors inside IOs. I begin by considering the different types of interests held by IOs.

Despite the underlying perception of the bureaucratic form (and of bureaucrats) as neutral, technical and objective, astute observers of bureaucracy have often pointed to their status as political actors. Moe (1995:143) writes that when a new government
agency is created, “the political world becomes a different place. Agency bureaucrats are now political actors in their own right: they have career and institutional interests that may not be entirely congruent with their formal missions, and they have powerful resources—expertise and delegated authority—that might be employed toward these selfish ends.” IR scholarship in the principal-agent (PA) tradition is built on this standard concern: that IO agents may hold preferences distinct from those of member state principals and behave in ways principals would not approve as a result.

IO interests come in many forms. Some are strictly material, whether the organization garners more or less funding, or whether it expands its work into new substantive areas or contracts and cedes turf to others. Others speak to the reputation of the IO in the international community. Is the IO perceived to be legitimate by its member states and by peer organizations? Is it regarded as a lead-agency in its field, or simply one among many other IOs? Interests in status and material well-being are common to all organizations, however others are tied to ideological and value commitments and are more difficult to generalize. For example, during the 1970s, the World Health Organization was perceived as holding socialist political values which affected its policy choices (Gunn et al. 2008; Litsios 2002). In another example, the economic training and commitment to the Washington Consensus of IMF technocrats is argued to influence IMF policymaking (Momani 2005). Though more difficult to generalize, these value-based interests can be influential in affecting behavior.

The degree to which IO interests are consistent with fulfilling assigned mandates varies. Just like donor states, IOs must balance self-interest with mandate interests, and in
all but the most unusual cases, IOs would prefer to satisfy both sets of interests simultaneously. IO staff want to see their organization thrive and to fulfill mandates. At times these two sets of interests are complementary. For example, we might expect an IO that fulfills its mandate to be viewed with greater legitimacy by its donors than those that perform poorly. In this context, an IO might determine that by undertaking critical evaluation of its programs, it could both improve mandate outcomes (through learning lessons and building on past experience) and also garner more resources (by improving legitimacy in the eyes of the international community). In these cases of alignment, we can expect that IOs will pursue their most-preferred option in Figure 2.2 by satisfying both organizational and mandate interests.

<table>
<thead>
<tr>
<th>Organizational Outcomes</th>
<th>DIP Mandate Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>1</td>
</tr>
<tr>
<td>2nd</td>
<td>1</td>
</tr>
<tr>
<td>3rd</td>
<td>0</td>
</tr>
<tr>
<td>4th</td>
<td>0</td>
</tr>
</tbody>
</table>

1>0 and 1st = most preferred

Figure 2.2: IO Preferences over Organizational and DIP Mandate Outcomes
In other cases, IOs will not be able to satisfy both sets of interests with the same behavior. Take the example of a UN peacekeeping mission on the ground in a post-conflict setting where its mandate is to provide security and protect civilians. To be effective the mission requires increased peacekeepers and an expanded mandate that requires the head of the mission to communicate facts on the ground to the UN Security Council. At the same time, the head of the mission knows the risks of greater involvement are high, and that failure would badly hurt the perceived legitimacy of his department. This organizational concern may cause the mission to withhold information from the Security Council to avoid greater involvement.\(^\text{11}\)

The problem of interests pulling an IO in different directions is particularly salient in the context of domestic incapacity problems, where mandates are intended to serve recipient states but are funded by a separate group of donor states. The IO must be responsive to states that are not affected by the fulfillment of DIP mandates. Wagner and Tollinson (1992, 8) make the point with an example from domestic public bureaucracy:

“…a bureau does not have customers in the traditional sense. A bureau of public parks, for instance, may have many people who use its various facilities but those people are not customers of the bureau. It is not they who support the bureau through their fees. Rather the bureau receives its support from the legislature which determines budgetary appropriation. (...) It is these legislative committees that are the true customers of the bureau. These are the people who determine whether the bureau gets more or less money to spend next year. (...) To a considerable extent, therefore, what a bureau will do is to promote the interests of its sponsors, those who monitor its activities and determine its appropriations.”

\(^\text{11}\) This example is consistent with Michael Barnett’s (2002) assessment of the behavior of the UN Secretariat generally, and of Secretary-General Boutros Boutros Gali in particular, during the Rwandan genocide in his book *Ghosts of Rwanda*. Despite cables from General Romeo Dallaire reporting systematic killing and requesting for increased troops and resources, the Secretary-General did not frame his interactions with the Security Council in a way that would inspire action (Barnett 2002).
Given the assumption that IOs are self-interested, I expect that when IO interests and mandate interests (aimed at serving recipient states) are not complementary, IOs will choose to fulfill self-interest at a cost to the mandate (their second preference in Figure 2.3). This expectation regarding how IOs manage multiple interests is consistent with evaluation literature that notes regrettably the mixed incentives that govern evaluation choices within organizations (Norris 2005; Michaelowa and Borrmann 2006; Pritchett 2002). The expectation does not suggest that IOs are malicious or even indifferent toward mandate interests. Instead it is simply a recognition that IOs, like other organizations, will act to protect themselves when their livelihood and reputation are at risk.

Further, for many IOs, robust organizational outcomes are viewed as a necessary condition for achieving other goals. The thinking is similar to that of David Mayhew (1974) in his classic text Congress: The Electoral Connection. Mayhew argues that politicians’ preference for re-election is determinant because the achievement of all other goals – for example, passing preferred policies – are contingent on holding office (Mayhew 1974). Likewise, the ability of IOs to fulfill mandates in recipient countries is contingent on their ability to keep the organization in good standing. When these goals conflict, an IO will choose to protect itself and live to fight another day. Though the understanding of preferences used here does not depict IOs as malicious, neither does it consider them inherently benevolent. Rather, they are actors who will generally do good

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12 This assumption that re-election drives legislators’ behavior is not uncontested. Others argue that the primary goal of political actors is to implement their preferred political program (e.g. de Swaan 1973).
when the going is easy, but when pushed, will undermine performance in needy countries to save their own hide.

**IOs as Collective Agents: Fragmentation and Insular Interests**

The complicating factor to the expectations just discussed is that just like political interests vary across donor states, so too do they vary across actors inside IOs. Despite this, even scholars that take IO interests seriously treat them as unitary rather than plural actors.\(^{13}\) The unitary actor assumption is received with skepticism by theorists of a wide variety of organizational forms. IR has long debated its application to states (Milner 1998). Organization theorists have doubted the appropriateness of its application to domestic bureaucracies (March and Sutton 1997, 698). One prominent scholar protests its application to the US Congress, calling assumptions of legislative intent that follow the unitary actor assumption “an oxymoron” (Shepsle 1992). And more recently, groups of member states delegating to IO agents have been conceived of as a collective principal as noted above (Nielson and Tierney 2003). In contrast, IO bureaucratic agents have been conceived of as simpler actors. Most studies do not make explicit the structure of IO agents, which are conceived as homogenous and devoid of internal division as a result.\(^{14}\)

The nature of domestic incapacity problems requires IOs to act in a (at least somewhat) decentralized fashion. A simple headquarters office cannot direct the operations of hundreds of different projects being implemented on the ground in recipient

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\(^{13}\) For example see Milner 2006 and Alter 1998.

\(^{14}\) Barnett and Finnemore (1999, 2003) provide a partial exception to the unitary actor approach. They discuss “cultural contestation” inside IOs as a pathology that can produce dysfunctional behavior. However, they do not provide a framework for treating IOs as plural actors or discuss the conditions under which internal differences will influence behavior.
states around the world and it is not uncommon for IOs to operate global, regional and country level offices. To provide a few examples, the UN Development Program (UNDP) operates 166 country offices abroad in addition to its New York headquarters. The Food and Agricultural Organization (FAO) operates five regional offices, eleven sub-regional offices, and 137 country offices (FAO 2010). In addition, individual offices consist of multiple departments engaged in different activities. The UN Environmental Program (UNEP) headquarters includes six different divisions, each with a different emphasis. For example, one focuses on environmental policy implementation while another handles technology, industry and economics (UNEP 2010a).

I apply the concept of the collective agent, defined as one composed of more than one actor, to capture the diversity existing in IOs tasked to solve domestic incapacity problems. The concept is widely applicable across IO agents since most include multiple departments and it is particularly relevant for IOs mandated to build capacity in recipient states which often necessitates multiple offices. The collective agent concept provides a framework in which variation in the organizational interests of different actors inside an IO influence behavior.

The interests of individual actors inside IOs are characterized by insularity: individual offices and programs tend to elevate their own interests above those of the larger organizational whole. Insular interests can cause internal fragmentation. IOs can exhibit vertical fragmentation, between actors at different levels of the organizational hierarchy, and horizontally, between actors operating at the same level. Vertical
fragmentation may result from an inherent difference in perspective between offices. Consider the likely difference in interests held by an IO country office located in a developing country and its global headquarters in a Western capital city. The perspective of country offices is appropriately narrow and the perspective of headquarters is necessarily broad. In the same way a US congressperson represents interests more narrow than those of the President, so too do IO country and program offices represent interests more narrow than those of IO leadership.

For example, the decision to adopt a new mandate might appeal to IO leadership if it increases overall funding and expands the IO’s turf, but segments of staff might oppose the same mandate based on more insular interests. The emergence of environmental mandates at many IOs in the 1980s and early 1990s provides such an example. Although leadership at the World Bank and UNDP lobbied for access and control of new environmental funding mechanisms, segments of staff inside both organizations opposed the new mandates for two reasons. First, they were concerned about increased competition for resources with new environment departments, and second they feared their work would be made more difficult by having to comply with “green” regulations. The broader IO interests were complementary with adopting environmental mandates, but the more insular interests of IO staffers were not.

The environment example also points to how interests vary horizontally across actors inside an IO. Many IOs engaged in solving domestic incapacity problems have mandates that put them to work in a wide range of issue areas: The FAO supports programs in food safety and biodiversity maintenance; inside the WHO, anti-smoking...
initiatives exist side by side with those to stop the spread of infectious disease; and UNDP’s areas of work include democratic governance, disaster relief, and HIV/AIDS. This diversity necessitates a degree of specialization inside IOs that comes with obvious benefits. Inside specialized departments there can be greater expertise and commitment to a more narrow set of tasks. On the other hand, specialization can lead to a bifurcation of interests across actors resulting in “a commitment to the subunit goals over and above their contribution to the total organizational program” (March and Simon 1994, 60).

Finally, the interests of individual actors inside IOs are usually opposed when it comes to resource competition. Most actors compete for funds from the same budget. Even those that receive funding entirely from mandatory contributions must compete with other programs for the attention of IO staff charged with distributing funding across a wide array of programs. Those that rely on voluntary funding must devote even greater effort to appeal to donor states that have many options to choose from when supplying aid. Whether the actors involved are states, peoples, or organizations, conditions of resource scarcity are associated with increasingly adversarial behavior (Schweller 1999; Homer-Dixon 1994). Actors tend to turn inward to protect themselves, rather than look outward for cooperative solutions.

Anecdotal evidence suggests that IOs are no exception. For example, when donor contributions for global programs at the World Bank decline, WB Vice Presidents (VPs) were found to become more likely to protect their turf rather than allocate grant money based on merit and alignment with poverty alleviation goals (Lele and Gerrard 2004, 50). And resource scarcity provides incentives against critical evaluation at IOs and other
foreign aid agencies (Pritchett 2002; Clements et al. 2008). The larger point is that investing resources in one mandate will satisfy the insular interests of some departments while the interests of others are left damaged.

This fragmentation in interests influences whether IOs invest and deploy knowledge and informational resources critical to a strong performance and, importantly, how they respond to incentives provided by donor states. The next section draws on this discussion to develop hypotheses regarding IO and donor decisions to supply resources in support of DIPs.

**Explaining IO and Donor Behavior**

To this point it has been established that both donor states and IOs supply resources that are critical to strong performance. Donor states must provide financial resources and political support, but their distance and lack of direct stake in IO efforts leave them ill-equipped and unmotivated to acquire the knowledge and information resources necessary to success. IOs are reliant on donors for funds but their expertise and experience are critical to a strong performance and they retain discretion over how some funds are used. Figure 2.3 illustrates the importance of IO and donor state resources. IOs can either invest and supply information and knowledge resources or fail to do so, and donor states can choose whether or not to provide financial resources and political support to IO DIP mandates.

In the top left cell, donor states and the IO both supply their respective resources resulting in high performance alignment. The behavior of donors and IOs is aligned
resulting in a strong IO performance. In the bottom right cell, neither the IO nor donor states provide resources. Behavior is aligned and performance is poor. In the remaining cells, IO and donor behavior is not aligned. In the top right cell, the IO does not invest and deploy resources despite support from donor states, resulting in well-funded failures. In the bottom left cell, IOs do invest despite a lack of support from donors, resulting in under-funded competence.

<table>
<thead>
<tr>
<th>Donor States</th>
<th>Invests in information and knowledge resources</th>
<th>Does not invest in information and knowledge resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides financial and political support</td>
<td>High performance alignment</td>
<td>Well-funded failures</td>
</tr>
<tr>
<td>Does not provide financial and political support</td>
<td>Under-funded competence</td>
<td>Low performance alignment</td>
</tr>
</tbody>
</table>

Table 2.1: Explaining IO Performance Outcomes

*Explaining Donor and IO Resources Provision*

The complementarity of donor political interests with mandate interests is the critical variable influencing donor decision making. When interests are complementary, donors will provide support, and when they contradict, support is withheld. This expectation is represented in the Donor Complementarity Hypothesis.
Donor Complementarity Hypothesis (H1): Donor states will be more likely to supply resources when their political interests complement (rather than contradict) mandate interests.

Donor state decisions to support mandates also affect IO interests and in doing so they provide IOs with certain incentives. Donor decisions influence IO finances and their reputation and standing in the international community. In effect, donor decisions to support mandate interests are decisions to support IO interests.\(^\text{16}\) Donor support provides incentives for the self-interested IO to invest in resources that make it better able to fulfill the supported mandate. The result is an indirect and positive effect of donor support: the presence of support provides incentives for IOs to become experts by rewarding their interests thus leading them to acquire and deploy those resources more than they would not otherwise. This explains situations of high performance alignment in Figure 2.3.

In the same way an indirect negative effect follows from donor decisions to cut funds. Decisions by donor states not to support IO efforts have a negative impact on IO interests. Based on the assumption that IOs are self-interested actors, the expectation is that they will choose to satisfy self-interest at a cost to mandate interests. The self-interested IO should, over time, shift its knowledge and information investments to activities more likely to be rewarded by donor states. Low levels of donor support provide little incentive for IOs to become experts in that area; by withholding their own resource, donors reduce the likelihood IOs will supply their own, resulting in the low performance alignment cell in Figure 2.3.

\(^{16}\) Here I mean to refer to the organizational interests of the whole IO rather than a claim that the overall interest of the IO is beneficial for all individual departments.
But IO responsiveness to incentives provided by donor states is not guaranteed. Instead, it depends on factors internal to the IO. In the top right cell of Figure 2.3, donors choose to support IO efforts, yet the IO fails to make the necessary commitment to fulfill its mandate. This failure to respond to donor state incentives results from fragmentation in IO interests. When the insular interests of various offices compete, IO leadership is less able to do what is in the interest of the larger organization. In this case, the impact of fragmented interests on IO performance is negative; it weakens IO commitment to the cause.

Interestingly, however, under other circumstances fragmented interests can result in a net-positive impact on performance. In cases where donor states are not supportive of IO mandates, a unitary, rational IO will over time move away from that area of work. However, insular interests held by departments or offices may lead them to continue to support and advocate for a mandate even when it is not in the interest of the larger organization to do so (because it lacks appeal with donor states). In this situation IO performance in the area will be stronger than it would be in a situation where IOs have consistent preferences. In combination these expectations result in H2:

**IO Responsiveness Hypothesis (H2):** As fragmented interests increase (decrease), IOs will be less (more) responsive to donor state incentives.

Testing these hypotheses requires careful and thorough inquiry into donor and IO interests. In the following sections I discuss the research design for the dissertation. I begin by providing a conceptualization of the dependent variable of the followed by a discussion of how IO and donor interests are operationalized in the empirical chapters.
The Dependent Variable: IO Performance in Solving DIPs

This dissertation is interested in the contribution made by donor states and IO staff to solving domestic incapacity problems. The provision of financial, political, and information resources by donor states and IOs serve as proxies for a dependent variable of IO performance, defined as the IO contribution to solving domestic incapacity problems. IO investments in expertise, evaluation, and other knowledge resources improve the competence of staff in solving DIPs. Financial resources allow for the purchase of necessary equipment, the hiring of adequate staff, and more broadly influence the content and scale of IO efforts. In other words, the dissertation assesses the conditions under which donors and IO staff will be good partners to recipient states in solving their domestic incapacity problems. Consistent with the expectations laid out in the Table 2.3, IO performance is strongest when donor states and IOs jointly provide resources (i.e. where donor states choose to fund a competent IO). Performance is weakest where donors and IOs both fail to provide support, and mixed where either donors or IOs invests resources but the other does not.

It is important to note that strong IO performance is typically, but not necessarily, associated with increased effectiveness in solving DIPs on the ground in recipient states. It is obvious that many factors contribute to outcomes in recipient countries. Outcomes might improve even though IOs perform poorly and they might get worse when IOs are performing well. But all else equal, we expect improvements in IO performance to be associated with higher levels of effectiveness in recipient states.
Any definition of performance must take a certain perspective. Definitions face an inherent “eye of the beholder” problem: different parties possess different understandings of IO goals, and as a result hold different conceptions of what constitutes strong or weak performance (Gutner and Thompson 2010). A key decision in defining performance involves determining, among the different parties involved, whose conception matters. Goal attainment is frequently invoked as performance but whose goals are important? One prominent definition among organization theorists is the ability of an organization to satisfy constituent preferences (Zammuto 1982). But whose preferences are important? In many analyses of organizational performance it is the perception of staff that matters most with employee satisfaction serving as a primary indicator (Steers 1975, 546).

The discussion of donor state and IO interests earlier in the chapter makes clear that one’s perception of performance will differ depending on which outcomes are viewed as most important. IOs might view robust organizational outcomes as synonymous with strong performance regardless of what is achieved in recipient states. For their part, donor states might view IOs as effective if they further their own political interests or at least refrain from threatening those interests. Wilkinson (2011) makes this point in his study of WTO performance. According to Wilkinson, by the standards on which it is usually judged, the WTO’s ability to serve as a forum for exchanging trade concessions and as a mediator to settle trade disputes is unimpressive. But if one instead understands performance from the perspective of powerful Western states, the WTO has

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17 In the regime literature see (Young 1994; Bernauer 1995). In organization theory literature see (Keeley 1984)
performed very well indeed, managing to open up new markets while carefully protecting others (Wilkinson 2011).

Along similar lines, how one conceives of an IO’s primary purpose will influence how performance is understood. The World Bank provides a useful case in this regard. Alacevitch (2009) shows that in the early years of the institution there were different views on what the Bank’s role in development should be. Those who conceived of the World Bank “strictly as a bank” won out over those promoting loans designed for social programs and projects in developing countries (Alacevich 2009, 235). These different understandings of goals imply different indicators of performance. Return-on-investment is a primary indicator if one subscribes to the view that the World Bank is strictly a bank. The Bank can be viewed as effective regardless of any effects in recipient states. If one instead conceives of the Bank primarily as a development institution, other indicators, such as poverty alleviation or GDP growth, become more relevant. In this view the Bank could be a money-making institution but remain ineffective.

As I state above, the choice I make here is to study whether IOs are good partners to recipient states. I assume that to be good partners IOs require adequate funding and expertise. The structure of the empirical chapters reflects this conception of IO performance. Tests of the Donor Complementarity Hypothesis (H1) focus on explaining donor state funding and political support for the World Health Organization (WHO) and Global Environmental Facility (GEF) in two important DIP mandates: health systems development and climate change adaptation. Tests of the IO Responsiveness Hypothesis (H2) focus on explaining WHO and GEF support for DIP mandates, that is, whether each
IO invests in the expertise, and evaluation necessary to fulfill its mandate. Each chapter also includes a section examining the effect of IO and donor state support on fulfilling DIP mandates.

*Donor state financial and political support*

In the empirical chapters I begin each discussion of donor states by identifying major donors to the IO based on total financial contributions. Developing indicators for donor state financial support is a relatively straightforward process. I draw information from financial statements from the World Health Organization and Global Environmental Facility, along with external audits, and evaluations of IO financial activities. Trends in the provision of voluntary and mandatory contributions are important. First, I track both types of financial contributions to the IO over time to identify increases and reductions in IO funding. Second, I compare trends in mandatory and voluntary funding over time. This is particularly important in the WHO case where the distribution of mandatory contributions is largely controlled by WHO staff and voluntary contributions are earmarked for specific activities by donor states. Third and finally, I compare donor state financial support for DIP mandates compared to donor financial support for other mandates inside the IO. For example, in the WHO case I compare patterns of financial support for health systems development (a domestic incapacity problem) to emergency response (a global incapacity problem). In the GEF case, I compare financial support for mitigation activities (producing global benefits) to adaptation activities (producing local benefits).
Indicators of donor political support (or criticism) are more varied and I rely on three proxies. The first involves donor states forum-shopping activities. Forum shopping, or seeking out alternative funding mechanisms by donor states, is an indicator of weak political support for the IO in question. The creation of new forums by donors similarly indicates a lack of political support. Higher levels of political support are demonstrated when donor states do not seek out or create alternative forums.\(^{18}\)

Statements by elites regarding the IO serve as second indicator of donor political support. Elites of donor states often make statements supporting or criticizing IOs, and occasionally IO leadership (e.g. the Secretary-General or Director-General of an IO). Statements of support can serve to bolster new initiatives and mobilize financial resources. Statements of disapproval, allegations of corruption or incompetence can be costly both in terms of reputation and budget.

The method of financial support (mentioned above) serves as a third indicator of political support. If donor states vote to increase mandatory assessments to an IO it serves as an indicator of approval because donors do not typically control how IOs use distribute mandatory assessments. Similarly, if donors provide unearmarked voluntary resources (allowing the IO discretion in determining their use) it provides a signal of approval. In contrast, when mandatory assessments are kept static and when voluntary resources are strictly specified, it indicates less trust in the IO and less political support.

\(^{18}\) The cost of creating new forums varies across issue area. In global health and environmental issues, the costs of creating new actors are relatively low (the proliferation of actors in both areas provides an indicator of low cost). This makes it a more appropriate indicator of political support in this dissertation than in one focused on security IOs where the costs of forming new actors is likely to be higher.
The discussion of IO resources included formal and informal budgetary powers. Where IOs exercise discretion over some portion of financial resources, how are they used? I examine how the WHO and GEF distribute resources across mandates and look at how DIP mandates fair relative to others. This is critical in testing the IO Responsiveness Hypothesis (H2). It allows us to see whether IOs respond to donor state funding patterns by distributing resources in similar ways or whether there is some disparity between them. Whenever possible, I examine these funding patterns over time to identify any convergence between donor and IO support levels.

The informal budget powers of IO staff refers to their ability to use funds as specified in the budget or for other purposes. Providing a systematic analysis of the misuse of funds is not possible given available evidence. However, in some cases, available evidence does point to the systematic misuse of funds by particular IO offices. I draw primarily on external evaluations of IOs commissioned by donor states and the United Nations, and to a lesser extent on secondary literature, to provide a picture of whether funds are used as intended (to serve DIP mandates) or for other purposes (e.g. patronage, corruption).

Internal and external evaluations, along with internal IO documents provide important sources in identifying the comparative advantages and disadvantages in knowledge and information resources inside an IO. A number of evaluations include interviews and surveys with stakeholders in recipient states that speak to the level of
expertise and experience of IO staff. I identify areas where the IO is regularly criticized for a lack of expertise by multiple stakeholders as well as those where the IO is regularly praised as an indicator of what type of expertise the IO has invested in. For example, in the WHO case, they are praised for their medical expertise, but often deemed lacking in development expertise needed on the ground in recipient countries.

Evaluative information is operationalized by looking at the number of evaluations over time and across mandates. I also identify whether there are formal methods to integrate evaluation results into IO work to improve performance in the future. This speaks to a second important aspect of IO resources, which is how information and knowledge move throughout the organization. Evaluations often comment on whether the local knowledge in country offices is utilized to inform policy designed at headquarters, or whether technical expertise at headquarters is used to inform implementation on the ground. Internal IO documents often speak more to this issue than external sources. I draw on them extensively in addition to evaluations and secondary literature in health policy and climate change, and development.

**Independent Variables**

**Donor State Interests**

I investigate two types of donor state interests vis-à-vis IOs. The first type is problem-specific. Do donor states perceive a particular incapacity problem as having global consequences (and by implication perceive themselves as affected)? Or, do they perceive the negative consequences of a problem as primarily local? This speaks to the
prima facie interest of donor states to support IO DIP efforts. In some cases the
distinction is clear. For example, when developing countries lack technology necessary to
reduce emissions there is a clear global effect. But in other cases the distinction is fuzzy
and in others the perception is evolving. Chapter Four describes an evolution in donor
states’ perceptions of the HIV/AIDS epidemic in Sub-Saharan Africa. The problem was
initially perceived as a domestic incapacity problem that negatively affected only those
states in the region. The securitization of the issue in the early 2000s changed this
perception. After being linked to state failure and fostering terrorist breeding grounds,
donors saw global consequences from the epidemic. In each of the empirical chapters I
include a discussion of how donor states perceive the problem. I rely both on donors’
government documents and on secondary literature.

Donor states political interests with regard to the IO are also relevant. Many times
these interests are about asserting control over IO activity. For example, when WHO
considered granting the Palestinian Liberation Organization consultative status on the
World Health Assembly, the US political interest in supporting Israel was suddenly
relevant vis-à-vis the WHO. US threats were aimed at preventing WHO from doing
something Washington disapproved of. In other situations donor states have a political
stake in how a problem is pursued. Chapter Three examines the debate between donors
and the WHO regarding how best to improve health in developing countries. Variation in
US funding of the UN Population Fund (mentioned above) and past US constraints on
HIV/AIDS programs (that do not allow funding to be used on birth control, for example)
provide additional examples. In the areas of global health and climate change I look for
political debates about IOs and about methods of addressing problems. In the latter case, I am most interested in identifying whether donor states and the IO agree or disagree. However, I also identify disagreements across donor states where they occur. I rely primarily on literatures in global health politics, climate change, development and international organizations more generally. I also examine newspaper articles written about the WHO and the GEF in the time periods considered.

**IO Interests**

I consider two types of IO interests. I assume IOs want to maximize funding and standing in the international community. It is particularly important to determine whether and to what extent the decisions of donor states to provide political and financial support influence these interests. Donors’ ability to influence organizational interests provides the logic of the *IO Responsiveness Hypothesis*. If donor states have significant influence on organizational interests, IOs are more likely to be responsive to donors’ preferences. Each empirical case considers to what extent this is the case, i.e. how do donor states influence IO organizational interests? I examine whether IO budgets are growing, shrinking or static, and to what extent IO staff control how resources are spent. Budget data provides one proxy for standing in the international community. Evaluations by peer organizations and donor states, along with secondary literature provide another. The section on IO interests above notes that other organizational interests are more difficult to generalize across cases. Here the method of identification is similar to that mentioned regarding donor states’ political interests. IO documents provide useful sources. Internal documents provide insight to methods employed by IOs to solve specific problems. Promotional
materials and publications by the IO discuss the value of IO preferred approaches. This does not exhaust the discussion on IO interests – they are complex and varied. Rather, the politics of how to solve a problem is often an important source of debate.

*Fragmented Interests in Collective Agents*

An important contribution of the dissertation is in examining how factors internal to the IO influence performance. All actors inside the IO share the assumed organizational interests mentioned above, but on a smaller scale. Departments want to increase their budgets and they desire improved standing inside the IO. Two questions are important. The first relates to authority and control inside the IO. If the secretariat or IO leadership possess the ability to control activities throughout the Organization, insular interests of various offices and departments matter less because all decision making authority flows from the top. Institutional design features serve as useful indicators of the level of decentralization in an IO. Important institutional features include the control mechanisms IO leadership hold over programs and offices (e.g. hiring and firing and budgetary). In both the GEF and WHO cases, I survey relevant institutional features to determine whether insular interests of offices and departments can reasonably be expected to *matter* in explaining IO performance.

The second question involves whether the insular interests of IO offices and programs are consistent with larger IO interests. Programs that are unpopular with donor

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19 In some cases specific programs and departments also desire improved standing in the international community. This likely depends on the status of the program. For example, Roll Back Malaria, a program housed inside the WHO, but with its own governance structure, is on its own a formidable global player. In other cases departments and offices are unknown outside the IO and would be satisfied to have an increased profile inside the organization.
states will continue to lobby for increased financial resources even if it frustrates donors and does damage to the IO’s overall organizational interests. Evidence of internal conflicts of interest inside IOs is provided by external evaluations of IOs and secondary literature.

**Preview of the Empirical Chapters**

Each of the three empirical chapters provides a test of the *Donor Complementarity Hypothesis* (H1) and the *IO Responsiveness Hypothesis* (H2). Chapters Three and Four offer a case study of the World Health Organization. Chapter Three evaluates WHO performance in the field of health systems development between 1978 and 1998, an era in which WHO performed poorly. The Chapter allows for two tests of H1. The first examines the effect of political interests of donor states (as a group) on donor political and financial support. The second examines how political interests vary across donor states to establish whether different political interests are correlated with variation in behavior. After examining the damage caused to WHO interests by donor states throughout the 1980s and 1990s, I examine the extent to which WHO was responsive to donor state demands, providing a test of H2.

Chapter Four extends and expands the WHO case. It considers WHO performance in health systems development between 1998 and 2008 but also includes other WHO mandates in communicable disease and emergency response to pandemics. This allows for a test of H1 across WHO mandates. Donors’ political interests differ in emergency response, HIV/AIDS prevention, and health systems development. I examine how these
interests vary and test whether complementary political interests are correlated with higher levels of financial and political support. In combination with Chapter Three, Chapter Four provides a longitudinal test of H2 in health systems development. The longitudinal study has two benefits. First, the method of difference demands that cases compared are alike in all ways save the independent variable of interest. This is a difficult standard to meet; however, the study of a single unit over time “generally offers a better solution to the control problem than comparison of two or more cases” (Lijphart 1971, 689). In addition, confining the study to health systems development allows us to control for the difficulty of the problem, which often plagues comparative studies of institutional effectiveness (Mitchell 2006). The case study approach also allows me to trace complex causal relationships implicated by the proposed theoretical framework (George and Bennett 2004, 22). I am able to supplement the comparative case study with within-case analysis which allows me to investigate the mechanisms that underlie the argument.

Chapter Five provides a test of the argument in different issue area and at a different IO. The Global Environmental Facility (GEF) case evaluates GEF performance in assisting developing countries with climate change adaptation projects. It exploits the variation between two types of GEF climate change activities (mitigation, with global benefits, and adaptation, with local benefits) to test H1. The Chapter provides a third test of H2 by looking at how actors inside the GEF respond to incentives provided by donor state to invest resources in adaptation and mitigation activities.

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20 For an excellent discussion of Mill’s method of difference, see George and Bennett (2004).
The WHO and GEF cases provide substantial support for H1 and H2 but also exceptions that are worthy of further investigation. In Chapter Six I draw on these exceptions when developing avenues for future research. Chapter Six also provides a summary comparison between the WHO and GEF cases, normative implications of the findings, and ways to improve the dissertation with an eye toward publication as a book manuscript.
Success in the fight against HIV/AIDS, malaria, tuberculosis and other diseases in the developing world rests critically on the existence of well-functioning health systems. Health systems are the organizations, institutions, and people who provide health care to a population and they provide the foundation necessary to fight disease. Solid health systems provide access to basic medical care along with well-trained health personnel and the infrastructure necessary to administer vaccines and track disease.

People in poor countries generally have less access to health services than those in better-off countries, and within countries, the poor have less access to health services than wealthier citizens (Peters et al. 2008, 161). The Rockefeller Foundation puts it this way, “the challenge of creating affordable, high-quality health systems is universal, but the problems are especially acute in developing countries” (Rockefeller Foundation 2011). Weak health infrastructure and a scarcity of experienced medical personnel provide obstacles to scaling up treatment for disease in developing countries (Fraser et al. 2005) and failing health systems do more harm than cause failing health. When people are unable to access needed care, health worsens, leading to reduced productivity and lost income. For this reason, Peters (2008:161) argues that, “The relationship between poverty and access to health care can be seen as part of a larger cycle, where poverty leads to ill
health and ill health maintains poverty.”

The importance of domestic health systems is now long-recognized by the international community in its statements if not always in its deeds. In September of 1978, 134 states and 67 international organizations gathered for the International Conference on Primary Health Care (PAHO 2004). The Conference produced the Declaration of Alma-Ata, a document that placed primary importance on improving health systems in the developing world. The Declaration aspired to the goal of Health for All by the Year 2000. Health systems would focus on providing access to primary health care in an equitable fashion. Health systems would educate regarding prevailing disease, promote proper nutrition and provide safe water and basic sanitation. They would improve access to maternal and child health care, and be capable of immunizing the population against infectious disease and provide essential drugs (Alma-Ata 1978, Article VII).

The Declaration called on developing countries to devote more domestic resources toward improving health systems, but it also outlined specific responsibilities for wealthy countries and the World Health Organization (WHO). Wealthy states were to provide financial assistance to the developing world to address what the Declaration referred to as “gross” inequalities in the availability of care. The WHO was singled out to assist developing states in building health systems that would improve access to higher quality primary care with the aim of improving citizens’ health.

\[\text{[21 For more on the relationship between health and poverty see, World Bank 2000.}\]
But in the years following the Alma-Ata declaration, neither wealthy donor states nor the WHO prioritized the new and ambitious health systems mandate. Donor states were reluctant to support the Alma-Ata approach and the WHO did little to build the competence necessary to implement Health for All programs successfully. Why did this failure occur? This chapter assesses WHO performance in the two decades after it received its health systems mandate at Alma-Ata in 1978. It provides an explanation of WHO failures and in doing so tests the hypotheses developed in Chapter Two. Domestic health systems provide a case of a classic domestic incapacity problem where donor states do not stand to reap direct benefits from IO activity. The Donor Complementarity Hypothesis (H1) expects that in the context of domestic incapacity problems, donor states will only provide financial and political support to IO mandates when their political interests complement doing so. The WHO’s primary donors are identified and their interests are evaluated. The case provides variation in the political interests across the two top donors, the US and Japan, providing the opportunity to test whether variation on the independent variable (donors political interests) influences donor financial and political support as expected by the theory.

Donor state behavior during the 1980s and early 1990s did significant damage to WHO interests. The IO Responsiveness Hypothesis (H2) expects that IOs with fragmented interests will be less adept at respond to incentives provided by donor states. An analysis of WHO’s interests and structure reveal a deeply divided Organization. Evidence provides considerable support for H2. Due to its internal conflicts, WHO was unable to shift is behavior in ways desired by donor states. Rather than reacting to the
new strategic environment as a coherent whole, WHO’s constituent parts each responded in an independent fashion. Individual offices and programs sought to protect their own insular interests, leading to infighting that did little to satisfy donors or fulfill the health systems mandate.

In the following section I introduce the WHO and its structure. The second section provides a brief history of the WHO health systems development mandate. The remainder of the Chapter proceeds in several parts. I begin with a focus on donor states and a test of H1. Consideration of donor interests is followed by a detailed analysis of trends in financial and political support for the WHO between 1978 and 1998. A test of H2 follows. I begin by outlining the effects of donor support on WHO interests. This is followed by an analysis of WHO support for its health systems mandate. Two concluding sections follow. The first summarizes WHO performance and its effects on the health systems mandate. The final section summarizes findings and provides a preview of Chapter Four.

WHO Structure

WHO operates 145 country offices and six regional offices in addition to its worldwide headquarters in Geneva, Switzerland. The supreme decision making body of the Organization, the World Health Assembly, and the Executive Board, made up of thirty-four member state representatives “technically qualified in the field of health” serve three year terms. The latter body provides guidance to the Assembly in its decision making and nominates the WHO Director-General (DG). For its part, the Assembly is
home to all WHO member states, and meets once a year to approve the WHO budget and discuss issues brought by member states. The Assembly also votes to approve the Director-General nominee of the Executive Board. These two bodies are made up exclusively of member states and not IO bureaucrats.

In addition to hosting WHO governing bodies, Geneva is home to the WHO Secretariat where approximately four-thousand staff members are led by the Director-General, who is elected to a renewable five-year term. Chapter Two argued that IO
bureaucracies are too often treated as unitary actors, sidelining internal factors that influence performance. The WHO case illustrates the usefulness of the collective agent concept introduced in Chapter Two. WHO is made up of a multitude of actors scattered across the globe. On paper the Geneva office sits above six regional offices located in Brazzaville, Washington, New Delhi, Copenhagen, Cairo, and Manila. Though organizational charts suggest regional offices are subservient to headquarters, in practice they are notoriously autonomous (Godlee 1994b).

Below the regional offices sit 145 country offices. Country offices are housed in national health ministries, with other UN agencies, or autonomously. The purpose of WHO country office staff is to work closely with national health officials to guide and assist with health policy design and implementation. Country offices in the developing world are the place WHO policy hits the ground, and in theory, country level staff implement WHO health systems development programs.

The connection between these three organizational tiers can be tenuous. On paper the country offices are connected to headquarters through their respective regional offices. Practice reflects greater variation. In some cases country offices report to headquarters through regional offices as one would expect. In other cases regional offices are obstacles to efficiency and Geneva attempts to circumvent them to deal directly with country offices (Stocker 1990).

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22 The Brazzaville office has been temporarily relocated due to continuing civil war in the Congo.
Despite the issues with regional autonomy and the inconsistent relationship between headquarters and its country offices, the Organization’s decentralized structure was thought to be a good fit for addressing developing country health systems. WHO could boast medical expertise unmatched among IOs and was present in most developing countries around the world. Given these strengths WHO appeared well positioned to assist countries in improving the availability and accessibility of basic health services. The next section provides background information on the WHO involvement in developing country health systems.

**WHO and Health Systems Development**

Today’s WHO defines a health system as all of the organizations, institutions, resources and people in a country whose primary purpose is to improve health (WHO 2011). Strengthening health systems involves addressing deficiencies in funding, staffing, infrastructure, medication and supplies, as well as building information systems to track the spread of disease. WHO mandate to improve domestic health systems can be traced to its founding documents (WHO 1946, Ch 2, Art. 2c). The WHO constitution cites the “unequal development in different countries in the promotion of health and control of disease, especially communicable disease” as “a common danger” in its preamble. The commitment to improving health systems at the country level was reemphasized in 1978 at the International Conference on Primary Health Care held at Alma-Ata where states reaffirmed the commitment to health as a fundamental human right and again recognized disparities between the developed and developing world as troubling. In the culminating document of the conference, the Alma-Ata Declaration, participants set the goal of
achieving “Health for all by the year 2000.” This goal was to be achieved using a specific approach, termed “primary health care,” that represented a turning point for the WHO.

The primary health care approach broke from WHO’s past emphasis on high-tech equipment, cutting edge medical advances and narrow interventions with a specific purpose (e.g. vaccinations for malaria or small pox) and instead adopted a more holistic strategy. The primary health care model focused on the availability and accessibility of basic health care and sought to empower communities to provide these basic health services. Local practitioners, including doctors, nurses, pharmacists and social workers, would serve as first points of contact to patients rather than large urban hospitals. In this way, Alma-Ata represents a shift in emphasis away from high tech and often expensive interventions, to an emphasis on making affordable technologies available for basic health maintenance (Lee 2009, 75). The change in approach is often referred to as a paradigm shift in thinking about health (WHO 2008d, xii). But not everyone made the shift; WHO soon found its major donors doubting the efficacy of its new approach.

**Donor States and the WHO**

A relatively small group of member states provide the majority of WHO funding. WHO has two main funding streams. The first is the regular budget, which is funded by annual assessments provided by member states based on the concept of “capacity to pay.” During the time period considered, the US assessment was the largest (around 25%), followed by Japan (17%) and Germany (9%). Together, the three largest contributors account for more than half of regular budget funds, despite representing only 3% of
WHO member states. Figure 3.2 illustrates these contributions, along with those of France, Britain, and Italy, relative to the rest of the world. The six countries included contributed nearly 70% of the regular budget for the 1998-1999 biennium.

![WHO Regular Budget Assessments 1998-1999](image)

**Figure 3.2: WHO Regular Budget Assessments, 1998-1999**

The second source of WHO funds are referred to as extra-budgetary resources and are contributed voluntarily by member states. Like the regular budget, the majority of extra-budgetary resources come from a small, though slightly different group of states.\(^{23}\) The US voluntary contribution made up 24% of extra-budgetary resources in 1992-1993 biennium (McHugh 1996). Ten countries, listed here in descending order, made up more than 90% of WHO extra-budgetary funds in the same period: the US, Sweden, UK, Netherlands, Norway, Denmark, Japan, Canada and Switzerland (Vaughan et al. 1996, p. 524).

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\(^{23}\) Beginning in the late 1990s private actors became substantial contributors to WHO extra-budgetary funds. For example, The Bill and Melinda Gates Foundation has been the second largest contributor of extra-budgetary funding, eclipsed only by the United States.
255). The examination of regular and extra-budgetary funding streams reveals that WHO’s major donors are primarily wealthy, Western states and the US is prominent among them. This has important implications as this group of countries only stand to benefit from WHO efforts to solve *global* incapacity problems (discussed below) as opposed to domestic ones.

**Donor Interests**

Any discussion of donor interests and the World Health Organization must begin by differentiating between various WHO mandates. Although the WHO’s founding documents specify an objective impressive in its ambition and breadth (the attainment of all peoples of the highest possible level of health), its more specific enumerated tasks ground this lofty, overarching goal (WHO 1946). WHO activities can be differentiated into the categories of interstate cooperation, and global and domestic capacity-building.\(^{24}\) Consistent with IR cooperation theory,\(^{25}\) an important aspect of WHO work comes in facilitating cooperation between states. Its role as a standard-setting organization that serves to coordinate state policies is viewed by many as a core organizational strength (Reeves and Brundage 2011). Similarly, WHO provides a forum for member states to meet each year and negotiate agreements on issues related to global health. For example, WHO served as the forum for the negotiation of the Framework Convention on Tobacco Control.

\(^{24}\) For a discussion of the distinction see Chapter One.

\(^{25}\) For example, Keohane 1984 and Stein 1982.
In other tasks WHO works to build capacity rather than to facilitate cooperation. Some of these efforts are intended to produce global effects, for example, emergency response to communicable disease outbreaks intends to stop the global spread of disease in addition to limiting local casualties. Other efforts are intended to produce primarily local effects, for example, increasing the availability of primary health care. Scholars and policymakers alike have highlighted this global versus local distinction, which rests on the perceived scale of benefits expected from addressing a problem (Kaul et al. 1999). The inability to respond to a pandemic is a global incapacity problem; the inability to combat diarrheal disease in Sudan is a domestic incapacity problem because the scale of benefits is local. Jamison et al. (1998) distinguishes the global and local functions of the WHO using the terms “core” and “support” where “core functions are an attempt to solve the global analog of ‘market failures’” and “Supportive functions, (…) are intended to compensate for 'government failures'” (Jamison et al. 1998, 514ff).

The fact that WHO’s primary financial supporters are wealthy and Western is not without consequence. None of the major donors is a site for WHO domestic operations. That is, none are in need of WHO assistance in solving domestic incapacity problems. We would expect then that the interests of this group of donor countries would lie with WHO work aimed at facilitating interstate cooperation and its efforts to provide global public goods. This is not because of donor states’ shared values but because of shared interests. Donor states stand to benefit from WHO efforts to improve the response to influenza outbreaks because their own citizens could be at risk if disease spreads, but the

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26 A number of authors point out that improving health systems might well have positive global effects in the long-term, however, this is something less recognized in the donor community.
dots between donor benefits and WHO efforts to train health personnel in the developing world are much more difficult to connect. We would expect that donor states a priori interests in funding DIPs are low relative to those activities where they do stand to benefit.\(^{27}\)

The absence of clear benefits for donor states made funding for health systems more tenuous and contingent on complementary political interests from member states. Unfortunately from the WHO perspective, Western donors took issue to the approach to health systems developed outlined at Alma-Ata. Cold War politics—and the association of primary health care with communism—colored Western perceptions of the approach and donors also raised genuine concerns regarding its efficacy as a means to improve third world health.

The primary health care approach endorsed at Alma-Ata represented a major shift in thinking about how best to supply healthcare in developing countries. It advocated a local, holistic strategy that de-emphasized the high tech in favor of community access to basic care. This paradigm emerged in part from the perceived failures of a more vertical, specialized approach used by WHO and US agencies in response to malaria and other diseases during the 1950s (Cueto 2004, 1864). Despite the support of influential WHO

\(^{27}\) It is important to note that if a different group of states, namely developing countries, served as major donors, their interests would be considerably different. They too would serve to benefit from WHO activities in interstate cooperation and global public goods issues, but so too would they benefit from strong WHO performance in response to domestic incapacity problems. If China and India—two major recipients of WHO domestic interventions—were to contribute more significantly to the Organization, it may serve to shift WHO priorities.
Director-General Dr. Halfdan Mahler, many, including the US and other Western donors, continued to favor older service strategies.

In part, opposition to primary health care can be understood as a disagreement over how best to improve health outcomes. Many viewed the primary health care approach as overly idealistic and not easily subject to evaluation (Brown et al. 2006, 67). In addition to these practical concerns, the political forces behind primary health care came from America’s Cold War foes. It was a Soviet representative who pushed WHO to investigate new methods for delivering health services and some ideas used to develop the primary care approach were drawn from an interest in service delivery by “barefoot doctors” in rural China (Litsios 2002; Gunn et al. 2008). One author goes further to note that at Alma-Ata, “the Soviet Union was seeking to highlight its achievements in the creation of a nation-wide health system, while the USA wanted to retain the focus of the WHO’s activities on infectious disease, in particular, malaria eradication” (McKee 2007, 270). More generally, changes taking place within WHO were influenced by decolonization and the rise of national and socialist movements (Brown et al. 2006, 66). But while ideas from communist states and an emerging global south found traction at WHO, its primary donors remained Western.

The political interests of Western donors, and particularly the US, were not well-aligned with providing support to the new health systems approach. It provides a case where the political interests of donors contradicted support for the health systems mandate. The Donor Complementarity Hypothesis (H1) expects that donor states will be more likely to supply resources to support IO efforts when their political interests
complement (rather than contradict) mandate interests. Evidence of donors cutting financial and political support for health systems activities is consistent with the hypothesis. Evidence that donors provide political support to the WHO, or increase funding for health systems development would provide evidence against H1.

**Donor Support for Health Systems Development**

Donor behavior in the two decades following the Alma-Ata Declaration is largely consistent with the expectations of the Donor Complementarity Hypothesis. Donors sought to freeze the WHO regular budget and shift the supply of resources to extra-budgetary funds where they could exert greater control over how funds were used. In addition, major donors did not provide political support for the primary health care approach, and the US in particular openly expressed its disapproval. At the same time, mandatory assessments to the regular budget provided a limit on donor influence. So long as annual assessments were paid, WHO bureaucrats maintained control over how resources from the regular budget were distributed.

**Financial Support**

Two trends characterize donor financial support during the 1980s and 1990s. The first is a sustained unwillingness to increase the WHO’s regular budget. The regular budget (and the accompanying annual member state assessments) was frozen at zero real growth in 1982. The regular budget was held at the same level for the next six years. In 1988 its size actually decreased in real terms and continued to do so in the 1990-91 and 1992-93 bienniums (Vaughan et al. 1996, 233).
WHO staff are influential in determining how funds from the regular budget are
distributed inside the Organization. In contrast, extra-budgetary resources are earmarked
by donors for specific activities and WHO exerts less control over their use. In this
context the move to freeze the regular budget can be understood as a strategic move to
limit the control of WHO staff over donor contributions. This motivation becomes
increasingly clear when looking at the growth of extra-budgetary funding over the same
time period. While the real value of the regular budget was in decline, the value of extra-
budgetary funds increased by 60% between 1982 and 1992 (Vaughan et al. 1996, 233). In
the 1990-1991 biennium extra-budgetary resources eclipsed the regular budget for the
first time. A comparison between the two funding sources over time can be seen in Figure
3.3.

The shift to extra-budgetary funding is criticized for skewing WHO efforts toward
donor interests (Sridhar and Gostin 2011). Indeed, between 1982 and 1992 an increasing
proportion of WHO funds were used at the global level (48% in 1992-93 compared with
36% in 1984-85) rather than at the country level (Vaughan et al. 1996). The health
systems development mandate received its funds primarily from the regular budget
(distributed by WHO staff) and failed to attract substantial voluntary funds (earmarked by
donors).
Figure 3.3: WHO Regular Budget Assessments and Extra-Budgetary Funds over time

Donor financial support in the 1980s and 1990s is largely consistent with the expectations of H1. Political interests contradict support for the WHO approach to health systems development. The decision by donors to shift to voluntary funding reduced WHO control over their financial contributions and allowed donors to earmark funds for specific purposes they approved of, and avoid large contributions to the primary health care approach promoted at Alma-Ata.

Political Support for the Health Systems Mandate

Soon after the Alma-Ata Conference, Western donors organized a second conference, this one sponsored by the Rockefeller Foundation with assistance from the World Bank. Influential American attendees included former Defense Secretary and

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current World Bank President Robert McNamara, and the presidents of USAID and the Ford Foundation. An alternative health systems paradigm, referred to as selective primary health care (SPHC), emerged from the conference. The SPHC approach emphasized limited interventions with measurable outcomes, and garnered support among Western donors (Brown et al. 2006, 67). In many ways it represented a return to the approach the US had previously championed at WHO during the 1960s.

A heated debate between the two approaches followed and some argued donor support for SPHC was meant to undermine the WHO. In 1988, a highly placed WHO official, Kenneth Newell, called the SPHC program the “antithesis” of primary health care, arguing it represented a return to the limited, technical interventions that failed to eradicate malaria in the 1950s and 60s (Newell 1988, 914). Newell went further to argue that SPHC advocates “in no way (…) share the objectives of PHC,” and that the paradigm “is a threat and can be thought of as a counter revolution (Newell 1988, 906).

The tension between donors and WHO staff came at a time of upheaval as the Organization underwent its first change in leadership in fifteen years.

After being led for three terms by the well-respected Belgian, Dr. Halfdan Mahler, the WHO Executive Board was poised to elect a new Director-General in 1988. The eventual candidate to emerge from a highly politicized process was Dr. Hiroshi Nakajima, a Japanese national and Regional Director of the WHO Regional office for the

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29 For an equally vehement rebuke to the Western response to Alma-Ata, see (Banerji 1986).
30 Elections of WHO Director-Generals are not known for procedural legitimacy. Members of the Executive Board, which serve rotating three-year terms on the body, vote secretly using procedures leaving little room for outside influence (Kapp 2002, 1753). Elections are known for intense bargaining between governments. One former WHO staffer wrote, “the amount of negotiation and politicking before an election night might astound the uninitiated” (Peabody 1995).
Western Pacific Region. The vote left major donors divided. Japan and France supported Nakajima while the US and other industrialized countries supported Dr. Carlyle Guerra de Macedo, the Regional Director of the Pan-American Health Organization (Lewis 1988, 20). In electing Nakajima, the Japanese sought to satisfy their own political interests by pushing for representation on the world stage at a level equal to their generous financial contributions (Mizuno 1991, 12). But while Nakajima’s election satisfied Japan’s political interests, it served to further alienate the US from the WHO.

The lack of political support by the US and other important donors was registered clearly in Nakajima’s re-election campaign. Britain, the US, Canada, Australia, and the Scandinavian countries all sought to block the Director-General’s re-election in the Executive Board vote (Hawkes 1993). In the end the effort failed but the states made clear their disdain for the Organization’s leadership. The standard practice of the World Health Assembly is to provide a consensus endorsement of the Executive Board pick. However, for the first time the vote in the Assembly split 93-58 in what a British diplomat called “unprecedented” and a “real show of disapproval” (Black 1993, 22). Western diplomats warned that Nakajima’s re-election would result in further funding cuts (Associated Press 1993, 6) With the major donors (save Japan) voting for losing

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31 The reason for this failure is alleged to have much to do with Japanese vote-buying. In the run up to re-election Twenty-three Executive Board members were awarded contracts from WHO in the months running up to the election (Altman 1993, 1). A US State Department paper reported that Japan threatened to cut off fish imports from the Maldives, coffee imports from Jamaica, and block a pending loan to Algeria if they did not vote in favor of Nakajima’s re-election and others alleged Executive Board delegates were offered first class tickets to Japan, $14,000 in traveler’s checks and $50,000 in contributions to personal research projects in exchange for votes (Altman 1992, 1). The plot thickened when Russian newspapers reported Nakajima had attempted to smuggle six valuable icons out of the country only to be stopped at the airport in Moscow (Branigin 1992, A15; Altman 1992, 1).
candidates, the election “left a cloud of uncertainty” over the WHO’s future (Altman 1993, 5).

The discussion of the election process elucidates a point made in Chapter Two, that the political interests of donors can be idiosyncratic rather than shared. The lack of political support from the US and others remained clear, yet the ability of Japan to mobilize votes on the Executive Board to support its preferred candidate prevented the US from controlling the process. Whereas the shift in financial support away from the regular budget and toward voluntary contributions is consistent across donors, in the area of political support the picture is more complex. Japan, the WHO’s second largest donor at the time, sought to shore up support for its own national, while the US and others increasingly questioned the Director-General’s competence and ability to lead. In the wake of Nakajima’s re-election Clinton Administration officials argued that neither themselves nor “many other nations” could “justify going to our legislatures and people to request funds for WHO unless we can assure those people that corrective steps are being taken in relation both to the fact and appearance of any misconduct” on the part of Nakajima and Japan (Altman 1993, 1).

Like the provision of financial support discussed above, the provision of political support by donor states is consistent with the expectations of the Donor Complementarity Hypothesis. Japan’s show of outward support for WHO during the time period is explained by their quest to achieve (and later maintain) leadership of the Organization. A political interest in increasing their status and prestige in the international community is complementary with support for a WHO under Japanese leadership. In contrast, US
interests were inconsistent with providing political support. In addition to coming to
doubt the competence of WHO leadership, the US fundamentally opposed the WHO
approach to primary health care and worked actively to promote an alternative.

The decisions by donor states to provide financial and political support directly
affect IO interests. This is demonstrated in the WHO case. The shift to extra-budgetary
resources reduced WHO independence from its donors over time. When donors turned to
other multilaterals (as the US had begun to do with the World Bank) the WHO lost its
dominance in the global health arena. Statements of disapproval by high ranking officials
further hurt its status. The following section details these effects on the WHO.

Donor Effects on WHO Organizational Interests

The shift to extra budgetary resources and political opposition from donors
inflicted damage on WHO interests. In objective terms, WHO lost control over the
distribution of its funds to donor states. In 1980-81 the regular budget accounted for
around 60% of its total resources. By 1998, that proportion had declined to 45% and
extra-budgetary resources increased to 55% (WHO 2000a, 5). This trend indicates
deterioration in the Organization’s independence.

WHO also found its status in the international community diminished. Other
multilaterals encroached on WHO territory and came to play a more prominent role in
global health. UNICEF displaced WHO has the “carrying” donor in immunization
programs in Nepal and Sudan in both financial support and technical assistance (Daes
involvement in the health field grew rapidly. A relative newcomer in the 1980s, by 1996 the Bank had 191 projects worth $15 billion in 86 different countries (WHO 1996). Overall funding to global health grew during the time period but was more often channeled through the World Bank, bilateral aid, or other programs that through the WHO. Figure 3.4 charts the relative funds contributed to health by major multilaterals in 1997. The World Bank funds for health exceed WHO by more than 20% and the regional Inter-American Development Bank (IADB) is a not too distant third.

Perceptions of declining WHO status are reflected in surveys of recipient states. Government officials were surveyed in twelve countries where WHO operated country offices. Of the twelve countries, seven did not see WHO as the leading international authority in global health (Lucas et al. 1997). An evaluation by the UN Joint Inspections Unit (UN JIU) assessed the WHO role in health systems development relative to other agencies. The Inspectors concluded that the WHO role was “very limited, with other donors being lead agencies in both field programs and government policy advice” (Daes and Daoudy 1993, 17).
WHO interests were injured considerably, but the damage was not inflicted overnight. Rather, it occurred over a period of two decades in which the Organization faced increasing criticism. How did WHO respond to donor decisions and the subsequent deterioration of organizational interests? The theoretical framework developed in Chapter Two provides expectations regarding WHO behavior that hinge on the degree of fragmentation among actors inside the IO. The *IO Responsiveness Hypothesis (H2)* expects that when interests are consistent across internal actors, IOs are better able to respond to incentives. When interests are fragmented, a coherent response is more difficult to achieve and IOs are less responsive to donor demands as a result.

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32 Michaud 2003, 3
Throughout the 1980s and 1990s fragmented interests and the dysfunctional internal politics that followed prevented the WHO from responding to donor demands in ways that might have prevented its relative decline. The WHO suffered both vertical and horizontal fragmentation in interests. Some of these were the result of competition for resources and control between different WHO offices. Others were the result of poor leadership, and still others resulted from variation in the substantive health priorities of different WHO regions. Further, WHO lacked institutions to mitigate the effects of fragmented interests. As a result, WHO failed to “right the ship” in response to donor demands and also failed to invest in its health systems mandate.

**WHO Support for Health Systems Development**

WHO behavior during the 1980s and into the mid-1990s at first appears curious. One would expect that to avoid further damage to its interests, WHO would modify its approach to primary health care in ways consistent with donor preferences, or go one step further and shift activities away from development of domestic health systems toward activities that held more appeal to donors (i.e. those producing global benefits). But WHO largely failed to make these adjustments. The Organization continued to invest a considerable portion of its regular budget funds to health systems work but failed to invest the necessary knowledge and information resources critical to their work’s success. The WHO both failed to fulfill its mandate and left donor states unsatisfied.
Distribution of financial resources

In discussing IO resources, Chapter Two points out that although most IOs do not independently generate financial resources, they often influence how resources are used once they are provided by member states. They do so in two ways. The first is formal; IO secretariats develop a budget that distributes resources according to different priorities and programs and submit it for approval by member states. The second method of influence is informal: once money is put in the hands of IO programs and offices, it can be used for intended or unintended purposes. Both methods of influence can be seen at work at the WHO. The Director-General and her staff exercise formal power over the regular budget and WHO staff at regional and country offices operate with a level of discretion that provides the opportunity for funds to be misused once distributed. I take these issues up in turn.

In the face of increasing donor dissatisfaction and criticism regarding the WHO’s primary health care approach, the WHO did not reduce its financial commitment to health systems development during the 1980s and 1990s. Figure 3.6 plots the portion of the regular budget dedicated to health systems against the overall regular budget between 1985 and 1993. If staff were adjusting to new incentives, we would expect WHO to discontinue or at least decrease the proportion of its budget allocated to health systems. In each biennium the percentage dedicated to health systems remains around 32%, fluctuating only modestly. In addition, in each biennium, “health systems infrastructure” earned the largest share of the regular budget when compared to other categories associated with global health benefits like disease prevention and control (WHO 1993).
Informal influence of WHO staff over the use of financial resources proved equally vexing to donors. Time and again WHO offices were found to misuse resources. At the country level, an important part of the budgeting process was left to the Regional Directors rather than the Director-General (WHO 2001, 5) and evaluations of the conducted by the Danish Foreign Aid Agency (DANIDA) and the UN Joint Inspections Unit (UNJIU) were unable to determine the logic of resource distribution by country offices.  

DANIDA ran into problems in determining how country office programs were connected to WHO goals at headquarters (DANIDA 1991). The evaluation concludes

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33 WHO 1993
34 For example, see DANIDA 1991, Daes and Daoudy 1993, and Lucas et al. 1997)
that Health for All goals were not well-integrated at WHO country offices. Regarding

country level resource distribution, the DANIDA evaluation concludes they are used

“primarily to finance ad-hoc fellowships, study tours, workshops, local cost subsidies and
miscellaneous supplies and equipment” and not easily linked to Health for All Goals
(Godlee 1994a, 1994b; DANIDA 1991).

The UN Joint Inspections Unit, the evaluation arm of the United Nations,
complained they could not tell what proportion of WHO resources were allocated to
regional and country level programs (Daes and Daoudy 1993). UN inspectors were also
unable to verify whether country programs were concentrated in low income countries or
whether distribution was based on other factors like health infrastructure or disease
prevention, all of which were supposed WHO priorities. When Inspectors inquired in
Geneva how money was spent at the country-level, answers were not forthcoming (Daes
and Daoudy 1993). A report on WHO performance commissioned by Australia, Canada,
Italy, Norway, Sweden and the United Kingdom titled, *Cooperation for Health
Development* (1997), noted similar frustrations in determining how funds were used once
they left Geneva.

Although the picture of resource distribution was opaque across WHO country
offices, the situation was particularly dire at the WHO Regional Office for Africa
(AFRO), where the development of health systems is perhaps most needed. An external
audit of AFRO revealed resources were often squandered. Auditors found vast sums of
money unaccounted for including more than $8 million in payments from a WHO
account at the Banque International du Congo (BIDC) that auditors were unable to verify
and 663 checks from the same account worth over $800,000 that could not be reconciled with the WHO general ledger. Cash advances to unnamed individuals were commonplace, thousands of dollars were missing from petty cash accounts, and large payments for hundreds of thousands of dollars were made without approval. As one reporter notes, “Even by the standards of the United Nations, the Africa office dealings recorded by the auditor were extraordinary” (Sheridan 1995).

The inability of WHO to coordinate the activities across the global, regional and country levels of the Organization foreshadow its failure to respond to the demands of donor states, or to competently invest in improving their country level health systems operations. During the 1980s and 1990s WHO failed to invest in three types of information and knowledge important to performance outlined in Chapter Two. The WHO did not evaluate its health systems programs, it did not hire staff with expertise to complement the holistic approach of primary health care, and they did not make use of local knowledge in country offices in designing its country-level health interventions. WHO behavior represented the worst of both worlds: they upset donors (and in doing so damaged WHO interests) and at the same time failing to invest properly in the health systems mandate.

Knowledge and Information Resources

Since its founding, the World Health Organization has been staffed primarily with medical experts. This is appropriate for a certain range of WHO activities like conducting drug research and identifying the source of disease outbreaks. For other activities—such
as building health systems in developing countries—medical expertise is essential but insufficient. When the WHO accepted the mandate to implement the primary health care approach at Alma-Ata, it took on a development task that differed considerably from its previous, narrower interventions. The WHO accepted a mandate to assist countries to develop health systems capacity, but at the time, the expertise on building health systems capacity *inside the Organization* was low (WHO 2005, 10). WHO needed to invest in knowledge resources in order to fulfill its mandate. First, WHO required new types of expertise in development and public health. Second, to properly assist countries, WHO needed to develop and utilize local knowledge at its country offices. Third, the WHO needed to evaluate the relative success of its new approach, assess its effects, and adjust to improve its performance. In each case, WHO failed to make significant investments.

Regarding the expansion of WHO expertise, at 1997 study of WHO operations notes that “Overall the skill-base of WHO staff in countries is still, at it has traditionally been, predominantly medical, despite the growing need of a wider range of skills” (…) and that “This shortcoming has weakened WHO’s ability to help governments assess and implement projects and reforms proposed by development banks and other donors” (Lucas et al. 1997, 8). The Organization was slow to remove incompetent staff from country offices and new hires were too often determined by internal politics as opposed to country office needs (Lucas et al. 1997, 7; WHO 2005, 10).

At the same time, WHO staff at the regional and headquarter offices charged with designing country level programs did not take country office experience into account (Brundtland 1999). The experiences of county office staff rarely reached WHO
leadership and Geneva and did not inform the design of health systems policy. The usefulness of WHO publications to assist countries in achieving health systems goals suffered as a result. Health systems policy handed down from headquarters was not relevant to country office needs. Peabody (1995) notes, “Many countries receiving WHO reports (there are a plethora) sometimes find them outdated, vague or incomplete, or so poorly written that they are not useful” (p. 738). Another study found WHO unable to respond to the needs of many countries seeking advice for health systems reform. The Cooperation for Health Development (1997:19) report found WHO unable to respond to developing country needs resulting “in the organization generally not being perceived in this area as a credible adviser to national governments or as an attractive partner to other health actors.”

Third and finally, the WHO failed to engage in the evaluation necessary to identify the problems in its approach. Incredibly, no systematic evaluation of WHO country operations took place between 1978 and 1997 (WHO 1997). Lucas et.al (1997:8) writes that “WHO does not adequately evaluate its performance in countries.” Evaluations conducted by outside evaluators were weakened by difficulties in obtaining information from WHO staff (particularly at the regional and country levels). In addition, WHO lacked any systematic response to institute reforms based on the assessments of outside evaluators.

What explains WHO’s failures in the years following Alma-Ata? In the following section, I explain WHO behavior with reference to fragmentation of interests and institutions inside the Organization.
Fragmented Interests and Institutions

Like many IOs mandated to solve domestic incapacity problems, the WHO is an organization with multiple offices and programs. When WHO found its interests under attack in the 1980s, its constituent parts did what is expected: they prioritized self-interest and moved to protect funding and turf. However, instead of acting in concert, they did so with an insular perspective. WHO’s constituent parts acted independently and sometimes in outright competition with one another. This response—induced by the WHO institutional design and the fragmented interests it produced—precluded a coherent reaction to donor demands.

The failure to respond to donor state demands is consistent with the IO Responsiveness Hypothesis (H2). However, unlike a possibility suggested in Chapter Two, WHO’s resistance to donors’ incentives to move away from health systems did not result in improved performance in fulfilling the mandate. The reason for this has to do with the nature of internal conflicts of interest, which had more to do with competition for resources as opposed to substantive debates about how to improve health systems. In combination these two factors—the competing interests across actors inside WHO and the lack of alignment of those interests with fulfilling health systems mandates—explain why WHO both failed to satisfy its donors and to invest in its health systems mandate.

Chapter Two outlines two dimensions of fragmentation inside IOs. The first is vertical; it occurs between different levels of an organizational hierarchy. Vertical fragmentation is inherent in the WHO’s institutional design and gives rise to fragmented
interests. The WHO was not the first international health organization. It was preceded by the Pan-American Sanitary Bureau, founded in 1902 and headquartered in Washington, D.C. American support for the new WHO was made contingent on the continued presence and autonomy of the Pan-American organization. The latter became the regional office of the Americas and five other regional offices, each with substantial autonomy from headquarters were also made part of the new WHO. Each Regional Office is headed by a Regional Director (RD). RDs are elected by representatives in their region, rather than by the World Health Assembly or the Director-General, and this allows regional interests rather than global ones to dominate regional offices. The variation between the interests of Geneva and its regional offices is analogous to variation that exists between the US President and US state governors. The latter seek to maximize benefits for their individual states, the former for the entire nation, and these two aims sometimes conflict.

WHO institutional design also gave rise to horizontal fragmentation across different more than fifty different WHO specialized programs (UN Joint Inspections Unit 2001). As donors reduced the supply of regular budget funds, competition for funding—both across programs and between organizational levels—increased. In a context of resource scarcity the interests of WHO offices and programs came into conflict. Regional offices openly competed for new projects with Headquarters in Geneva (Godlee 1995). Relationships between the regional offices and Geneva were termed fractious (Edwards 1997) and conflicts over turf were prevalent across programs inside the Organization (Godlee 1994a, 1426). The inability of Geneva to hire or fire Regional Directors along with its inability to control resource use at the regional and country levels
of the Organization left the Director-General without proper control mechanisms to reign in competition (Daes and Daoudy 1993 32-33). Making matters worse, Geneva’s financial control over even programs at headquarters was waning as they increasingly competed for external, voluntary funds over which the Director-General exercised no control.

One might argue that if member state donors were so inclined, they could bring the WHO into alignment with their preferences. But in practice this proved difficult. The first problem was a difficulty in measuring performance of WHO country level offices. As Peabody (1995) notes, “WHO’s goals defy concrete output measure: when do we achieve the ‘highest possible level of health’ or a ‘state of complete physical, mental, and social well being?’” (p. 738). In 1980 the WHO Executive Board approved principles for evaluation to alleviate the problem but implementation throughout the Organization never took place (WHO 1997). Seventeen years later, in 1997, the Executive Board was still reiterating the importance of improving accountability requesting the Director-General to “develop clear objectives for all programs; to clarify targets in terms of “measurable products”; and to ensure that evaluation mechanisms are extended to all WHO activities” (WHO 1997). Interestingly, the lack of evaluation of country-level operations persisted while other programs reliant voluntary funding placed increased emphasis on evaluation to attract funds (Vaughan et al. 1996, 242). While donors appeared able to exert oversight over extra-budgetary resources, they were unable to do so over country-level work funded by the regular budget.
The Effect of Donor and IO Behavior on the Health Systems Mandate

By the 1990s a number of harsh criticisms were leveled at WHO. The Organization was called “patently weak,” “terminally ill,” and “moribund,” by its observers and evaluators (DANIDA 1991; Ermakov 1996; Stefanova 1999). Few believed WHO was fulfilling its obligation to “support national and international commitment to primary health care and to channel increased technical and financial support to it, particularly in developing countries” as agreed to at Alma-Ata.

In WHO General Programs of Work, a set of documents detailing the Organization’s goals over five year periods, there was little sign of progress in building developing country health systems. The Seventh General Program (1984-1989) provided a wide range of health systems targets including training programs to increase health personnel in rural areas, increasing the number of domestic health information systems research capacity, and assisting in policy development, each accompanied by a specific number. Yet in the Eighth General program (1990-1995) the targets remained essentially the same, detailing little progress (WHO 1982, 1989). When UN staff from the Joint Inspections Units evaluated the Seventh and Eighth Programs they concluded the contained “basically the same narratives” and simply shifted “the goal posts from 1989 to 1995” (Daes and Daoudy 1993, 14).

UN Inspectors concluded their evaluation regarding the WHO contribution to improving health systems in developing states with uncharacteristic firmness:
“Although the world health situation is influenced by many factors, and more specifically by the socio-economic situations of the Member States, which lie beyond the direct control of WHO, no other organization within or outside the UN system has direct responsibility for world health. The question that may therefore be asked is whether the full potential of WHO is being brought to bear on the alarming health challenge (…) The answer to that question, based on available evidence, is certainly negative” (Daes and Daoudy 1993).

The joint failure of donor states and WHO to supply the resources necessary to support the mandate in health systems development resulted in “low performance alignment” as shown in Figure 3.6. Low performance alignment is the worst performance outcome from the perspective of fulfilling the health systems mandate. WHO interests also took a significant hit. Donor states escape the least scathed due to their strategy of shifting toward voluntary funding to avoid funding unappealing programs. Although donors remained unable to determine whether their contributions to the regular budget were well-utilized or wasted due to internal dysfunction at the WHO, these contributions were shrinking in real terms and represented paltry proportions of their own national budgets.
Summary of Results

Chapter Three provided a first test of the Donor Complementarity Hypothesis. Using WHO budget data for both regular and extra-budgetary resources, major WHO donors were identified. The interests of major donors regarding WHO health systems work were inferred in two ways. First, by considering the scale of health systems benefits, and second, by the donor response to the Alma-Ata Conference in 1978. Taken as a group, donor political interests were inconsistent with providing support for health systems mandate interests. The expectation of the Donor Complementarity Hypothesis is
that when donor political interests conflict with supporting IO mandates, donors will curtail and withhold financial and political support. Consistent with these expectations, evidence showed donors reduced WHO control over funds distribution by shifting to voluntary funding and adopting a policy of no-growth on the WHO regular budget. Political support by most donors was withheld as well. Japan provided an exception, but one that is consistent with theoretical expectations. Because WHO was led by a Japanese national, Japan’s political interests were aligned with support for the Organization even at a time when other donors were pulling back.

Donor behavior had important implications for WHO organizational interests. Its control over funding declined, and its status as the lead IO in global health was lost. As these events unfolded, WHO was unable to respond to donor demands. The institutional design of WHO and the competing interests it produced inside the Organization prevented a coherent response that would be characteristic of a unitary actor. Consistent with the IO Responsiveness Hypothesis, WHO was unable to respond to donor demands due to competitive internal interests.

Chapter Two suggests that when donor interests do not complement DIP mandate interests that fragmented IOs may actually be better-able to fulfill the mandate in question. However, this logic rests critically on the substance of interests held by actors inside the IO. Had WHO interests been divided between Geneva wanting to reduce commitments to health systems and regional offices remaining strongly committed, this might well have been the case. Regional offices would have resisted Geneva’s demands to shift focus, and given their relative independence, might have succeeded in making
progress. However, in this case, the divide in interests was not about health systems, it was about money. Individual actors inside WHO fought for their insular material interests at others’ expense, which failed to respond to donors or serve health systems mandates.

The case underlines two contributions of the dissertation. First, donor states do not have an equal interest in fulfilling different IO mandates. Where the scale of benefits is local and donors are not aid recipients, there is little inherent interest in providing support. Donor decisions have important effects on IO interests and, as strategic actors, IOs respond to incentives provided by donor states. However, the WHO case shows that factors internal to the IO determine the nature of that response. This cautions against the expectation that member states can easily intervene to control or correct IO behavior and leads to a second contribution of the dissertation: that complete explanations of IO behavior require the consideration of IO internal politics in the context of a strategic relationship with donor states. Without consideration of both internal and external factors, WHO performance is not properly understood.

In Chapter Four I consider the WHO in a later time period in which new institutional rules are able to mitigate problems of competing interests described above. The effect of internal changes is twofold. First, new institutions serve to shift interests and mitigate competition and communication problems across WHO offices. This results in improvements in fulfilling health systems mandates over the first period. At the same time, the increased coherence of the Organization enables it to better respond to donor demands and the overall trajectory of WHO activities move away from health systems development.
Chapter Four: The World Health Organization Part II: Reform and the Rise of Global Health Initiatives, 1998-2010

As the twentieth century closed global health politics was undergoing a transformation. Globalization heightened concerns for global disease outbreaks. Donor states’ political interests in solving global health problems evolved as communicable disease was increasingly linked to state security. Funding to treat and prevent HIV/AIDS, tuberculosis and malaria reached unprecedented levels and the number of actors to disburse these newly available funds proliferated. The World Health Organization (WHO) itself underwent something of a transformation. Having suffered years of infighting, new leadership aimed to revitalize WHO and reclaim its status as the lead multilateral in global health.

These new developments provide an opportunity to conduct additional tests of the Donor Complementarity (H1) and IO Responsiveness (H2) hypotheses by providing variation on the explanatory variables of interest. Chapter Three provided a first test of H1 by evaluating the influence of donors’ political interests on the levels of support they provided to WHO in health system development. I argued that an impediment to attracting support for health systems is its status as a domestic incapacity problem. The benefits of assisting developing countries to improve health systems are primarily local
and donors themselves do not stand to directly benefit. An important implication of this argument is that donor states should be more willing to support IO mandates to build capacity when *global* benefits are expected. This chapter tests this argument by examining how donor states’ political interests vary across three WHO mandates in health systems development, emergency response to disease outbreaks, and HIV/AIDS. I evaluate how variation in donors’ political interests for each mandate influences subsequent financial and political support. I find that donor support does vary according to donors’ political interests with donor support for health systems lagging behind support for HIV/AIDS and emergency response.

The latter half of the Chapter tests WHO responsiveness by evaluating whether it aligns its behavior with donor state interests. In the time period covered in Chapter Three, the interests of individual offices and programs inside WHO were fragmented. Consistent with the *IO Responsiveness Hypothesis* (*H2*) these interests prevented a coherent response to incentives provided by donor states. In the late 1990s and early 2000s, a series of reforms were implemented that shifted interests held by actors inside WHO and increased compatibility. This compatibility allowed WHO to respond to donor states more coherently than in the earlier time period, but interestingly, it chose to do so by overhauling its approach to health systems rather than by eliminating it altogether as some donors might have preferred.

The overall effect on WHO health systems performance is positive. Its competence is improved but its work in the area remains underfunded. It provides an interesting case where WHO faithfulness to its donor states’ interests would actually
mean worse performance in fulfilling its mandate. The analysis also highlights the importance of internal IO actors in explanations of IO performance. Donor states’ support for WHO health systems remained constant in the time periods considered in Chapters Three and Four, but WHO health systems work underwent a fundamental change due primarily to resolving internal conflicts.

The Chapter proceeds as follows. I begin with a focus on donor states. I identify major WHO donors, examine their political interests across three mandates in HIV/AIDS, emergency response, and health systems, and examine their subsequent behavior in each area. The next section considers how donor state support in each area influences WHO interests. I then provide a test of H2 by evaluating WHO responsiveness to incentives provided by donor states. The Chapter concludes with a thorough discussion of the joint effects of WHO staff and donor state behavior on health systems performance and by considering the broader implications of the case.

**Donor States and WHO**

The WHO relies on two streams of funding: Extra-budgetary resources provided voluntarily by member states (as well as non-state actors) and the regular budget, which is funded with mandatory assessments. Between 1998 and 2008 member states’ mandatory assessments have remained relatively constant when compared to the time period covered in Chapter Three (1978-1998). The United States and Japan remain the largest contributors at 23% and 16% respectively. Four Western European states, Germany, France, Britain and Italy are the next four largest contributors (see Figure 4.1).
Together these six states contribute approximately 66% of the regular budget. The assessments of rising economic powers, Brazil (.88%), Russia, (1.2%) India (.45%) and China (2.7%), the so-called BRICs, remain low in relative terms. Together the BRICs combine for a total contribution equivalent to that provided by Italy (WHO 2007b, 1-5).

The relative importance of the regular budget continues to decline as voluntary resources rise. The list of top contributors bears two features worth noting. First, the member states at the top of the list include those with the largest mandatory assessments. The US remains the largest supporter followed closely by the UK. Canada, Italy, Japan, Norway, and Sweden also make substantial contributions (see Figure 4.2).
Second, voluntary contributions come increasingly from non-state actors. In the 2008-2009 biennium, WHO documents show that the top four contributors of extra-budgetary resources are the US government, the Bill and Melinda Gates Foundation, the UK, and Rotary International, in that order (WHO 2010). This opens important questions about accountability, and in particular, whether WHO—an organization of member states—is beholden to private actors. For the purposes of this chapter, I focus primarily on the interests and behavior of donor states toward the WHO. However, I return to the topic of private actor influence in the concluding section.

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35 WHO 2008a
36 Some suggest the Gates Foundation is now contributing more than the US government due to its contributions to other organizations which also provide funding to WHO, e.g. Nagarajan 2010.
Donor Interests

Do the donor states identified in the previous section have an interest in supporting WHO mandates? Chapter Three distinguished WHO tasks intended to facilitate interstate cooperation and coordinate state policies and those intended to build capacity within states. The latter set of tasks is further divided between domestic and global incapacity problems. The global versus domestic distinction is based on the expected scale of consequences which result from the problem (Kaul et al. 1999). For example, in the context of globalization, the inability of a domestic government to track and treat communicable diseases produces global consequences just as soon as an outbreak spreads beyond state borders. In contrast, the scale of benefits for addressing domestic incapacity problems is local. Diarrheal diseases that plague states in Sub-Saharan Africa present a dire, but primarily local, problem. Health systems work, too, is perceived has having primarily local benefits. The development of health systems, particularly in the context of the WHO, is associated with the local delivery of basic health services. While well-functioning health systems are critical to local communities, their absence is rarely framed as posing a global threat.

IOs are mandated to solve domestic incapacity problems in developing countries but are funded primarily by developed states. The previous section demonstrates this is the case at the WHO where the primary donors—the US, Japan, and the UK—are not recipients of WHO interventions to assist in building local health services. Indeed, for wealthy, industrialized states, the usefulness of WHO comes in its global functions where they stand to reap some benefit from WHO activity. This sentiment reflects US thinking
today. For example, a 2011 report by the Center for Strategic and International Studies (CSIS), a prominent US think tank, argued that WHO should focus on its core strengths, beginning with public health surveillance, pandemic preparedness and emergency response—all areas where the Organization can be useful to the United States (Reeves and Brundage 2011, 3).

The increased salience of global health problems—particularly rising concerns about the spread of communicable disease across borders—has led to an unprecedented increase in funding. This trend began at the end of the twentieth-century and continues into the twenty-first. Two issues have motivated increases in funding: the securitization and increased profile of HIV/AIDS and a growing concern for global disease outbreaks. In this section I compare donor states’ political interests vis-à-vis three global health mandates: HIV/AIDS, emergency response to disease outbreaks, and health systems development.

**HIV/AIDS**

Among the communicable diseases prevalent in the developing world, HIV/AIDS is unique in that it also poses a significant risk in the developed world. By the late 1990s improved treatments for HIV/AIDS, known as antiretroviral drugs (ARVs) were widely available in the West but remained far too costly for purchase in the global south where the disease was approaching epidemic proportions. The massive disparity in available treatments was publicized in the late 1990s and groups lobbied pharmaceutical
companies and Western governments to do something about it. The effort had a massive impact on global health funding (Garrett 2007; Shiffman 2006; Esser 2009).

The familiarity with the devastation of HIV/AIDS on the part of Western publics increased domestic support for HIV/AIDS assistance programs and in doing so helped to bring donors’ political interests in line with providing aid. But the story is more complex than this. Garrett (2007:15) explains the multiple motivations driving Western donations, “Some see stopping the spread of HIV (…) as a moral duty. Some see it as a form of public diplomacy. And some see it as an investment in self-protection, given that microbes know no borders.”

If the initial impetus for HIV/AIDS funding came from the disparity in the availability of antiretroviral drugs, the cause was strengthened with efforts to securitize the disease (Feldbaum et al. 2010; Elbe 2006; Davies 2008). In 2000, the UN Security Council considered the HIV/AIDS epidemic in the developing world, and especially in Sub-Saharan Africa, a threat to international peace and security (Fidler 2005, 181). Similarly, the National Security Strategy of the United States expressed concern that spread of HIV/AIDS in the developing world would contribute to state failure and create a breeding ground for terrorism and instability (Fidler 2005, 181). The Security Council resolution and US National Security Strategy frame HIV/AIDS as a global incapacity problem by linking the disease to state failure and terrorism, and by implication, the national security interests of the US and other industrialized states. In light of this framing, donor states’ political interests became complementary with support for HIV/AIDS initiatives in the developing world.
Global Disease Outbreaks

The securitization of HIV/AIDS coincided with rising concern about the potential effects of a global disease outbreak. Severe Acute Respiratory Syndrome (SARS), the avian flu, and the H1N1 virus, stirred a considerable fear of fast-spreading global pandemics (Feldbaum 2009). Airborne transmission from one person to another combined with high mobility rates between countries means that a domestic disease outbreak can quickly become a global problem. Donor states (and recipients, for that matter) have a direct stake in preventing outbreaks and mitigating their effects. As the most recent US National Security Strategy notes,

“The threat of contagious disease transcends political boundaries, and the ability to prevent, quickly detect and contain outbreaks with pandemic potential has never been so important. An epidemic that begins in a single community can quickly evolve into a multinational health crisis that causes millions to suffer, as well as spark major disruptions to travel and trade.” (United States Government 2010, 48-49).

Emergency response to global disease outbreaks presents the clearest case of complementarity between donor states’ political interests and support for a WHO mandate.

Health Systems Development

The increased profile of HIV/AIDS and disease outbreaks stands in contrast to health systems development. Neither the UN Security Council nor the US government has singled out health systems as a threat to international peace and security. In part, this is surely a matter of perception. Without health systems, interventions to address specific diseases are often unsuccessful (Garrett 2007). If HIV/AIDS can be said to pose a threat
to the state, it is no great leap to argue the same can be said of failing health systems. Yet the latter is not perceived in the same light. Why is that the case? One answer may be that health systems are an indirect killer. Diseases are a proximate cause of death, while it is more difficult to identify the causal effect of insufficient health care.

A second reason for health systems low-profile stems from donors’ interest in cost-effectiveness. Donor states are parting with taxpayer money and understandably want evidence of how money is being used along with proof of impact. This has traditionally been more difficult to demonstrate in health systems development where the holistic approach adopted by WHO is difficult to pin down, let alone to establish performance indicators for tracking progress. For years donors perceived health systems as something of a bottomless pit for funds since there was no proxy for the impact of health systems investments on mortality as there are for individual diseases (Sridhar 2010, 464). Donor states’ political interest in cost-effectiveness is less complementary with providing support for health systems mandates than it is others where results are more easily to quantified.

The theoretical framework developed in Chapter Two provides expectations regarding donor behavior based on their interests. The Donor Complementarity Hypothesis (H1) expects that donor states will be more likely to support IO efforts when their political interests complement (rather than contradict) mandate interests. Chapter Three provided a first test of the hypothesis by looking at the effect of variation in political interests across donor states on donor state behavior. This section provides a second test of the hypothesis by considering variation in donor interests across different
health mandates. That is, do donors pick and choose which WHO mandates to support based on their political interests? I examine donor state support for WHO mandates in HIV/AIDS (along with tuberculosis and malaria), emergency response to disease outbreaks, and health systems development. Evidence that donors provide increasing support for HIV/AIDS and emergency response and considerably less for health systems would provide support for H1. In contrast, evidence that support for mandates does not vary according to donors’ political interests undermines the hypothesis. For example, if health systems funding increases at the same rate as HIV/AIDS or other problems linked to the national interests of donor states. The bulk of evidence provides support for the Donor Complementarity Hypothesis. However, there are trends that signal support for health systems is on the rise.

**Donor Resource Provision for Global Health Mandates**

After 1998, donor state financial support for the WHO (and for global health more generally) is characterized by two trends. The first is a substantial increase in funding through extra-budgetary (voluntary) resources. This trend is accompanied by a policy of no-growth for the WHO regular budget. The second trend is in the distribution of funding. HIV/AIDS dominates global health spending (though not WHO spending). Further, donor state earmarks for global health do not come close to reflecting the global burden of disease. For example, a recent study of the four major donors in global health noted that in 2005, funding per death varied widely by disease area, from $1029.10 for HIV/AIDS to $3.21 for non-communicable disease (Sridhar 2010, 464). Funding for health systems continue to be weak relative to disease-specific interventions. There is
considerable evidence that donor state political support for WHO also varies by mandate. Donor states have supported increases in WHO powers in the area of emergency response but continue to exert greater control over the use of WHO funds (a trend examined in detail in Chapter Three). In this section I detail trends in donor financial and political support for WHO mandates in the area of HIV/AIDS, tuberculosis and malaria, emergency response, and health systems.

Overall spending for global health increased substantially in the late 1990s and into the twenty-first century. The World Bank estimates that spending increased from around $2.5 billion in 1990 to $14 billion in 2005 (World Bank 2007) and official development assistance for global health increased from $8.5 billion in 2000 to $13.5 billion in 2004 (Kates et al. 2006). The increase in spending has been accompanied by a proliferation of global health actors. This has come at some cost to WHO as its status as the lead agency in global health is now contested. But it has also been a beneficiary of donor spending. In the 2008-2009 biennium, WHO’s total financial resources reached $4.2 billion, a substantial increase over its previous budget of $3.3 billion (McCoy et al. 2009, 412).

The increase in financial support from donors has come almost entirely in the form of extra-budgetary resources. This reflects donors’ desire to earmark contributions for specific purposes rather than allow WHO to control resource distribution. Growth in the largest WHO extra-budgetary fund, the Voluntary Fund for Health Promotion, can be seen in Figure 4.3. After a trend of moderate increases between 1990 and 1997, funding
increases sharply in 1999 and again in 2000. The Voluntary Fund provides an umbrella for financial contributions earmarked for particular WHO initiatives by donors.

Figure 4.3: WHO Voluntary Fund for Health Promotion, 1990-2003 (USD)

The upward trend in the Voluntary Fund for Health Promotion stands in stark contrast with growth in the WHO regular budget. Table 4.1 depicts the rate of regular budget and extra-budgetary growth between 2000 and 2005. The regular budget increased by 1% while extra-budgetary funds increased by nearly 54% over the same time period. The second row of Table 4.3 shows the growth in extra-budgetary resources as a

37 WHO 2004a
percentage of the overall WHO budget, which increased from 60.3% in 2000 to just less than 70% in 2005. The proportion increased further 72% in 2006-2007 biennium (WHO 2007e).

<table>
<thead>
<tr>
<th>WHO Budget Growth 2000-2005</th>
<th>Regular Budget</th>
<th>Extra-Budgetary Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of Growth 2000-2005 (%)</td>
<td>1</td>
<td>53.8</td>
</tr>
<tr>
<td>Extra-Budgetary Resources As a proportion of total Resources (%)</td>
<td>60.3</td>
<td>69.8</td>
</tr>
</tbody>
</table>

Table 4.1: WHO Budget Growth, 2000-2005

A comparison with other multilateral organizations indicates the disparity between growth in mandatory and voluntary contributions at WHO is severe in relative terms. The 1% growth rate of the WHO regular budget was the second lowest of nine UN agencies. In contrast, the increase in extra-budgetary resources was the third highest among the same group (UN Joint Inspections Unit 2007).

As the largest donor to the WHO, the United States was particularly influential in determining the no-growth policy for the regular budget. In 1998, the US Senate passed the Helms-Biden agreement which imposed conditions on the payment of US arrears to the UN. In addition, the agreement called for a zero nominal growth budget for the WHO, wherein the regular budget would stay the same each year (Novotny 2008, 32). This

38 UN Joint Inspections Unit 2007, p. 28
policy by the US is consistent with a general interest in controlling how WHO funds are spent. Approximately 80% of all voluntary funding for WHO is “specified,” that is, earmarked for particular areas and activities by donors who provide funds (UN Joint Inspections Unit 2007, 29).

The decision by donor states to provide voluntary funding rather than vote for increases in mandatory assessments demonstrates a general interest in controlling how WHO resources are spent. Asserting this control is consistent with the Donor Complementarity Hypothesis because it allows donors to support causes in line with their own political interests. However, in order to test whether variation in donors’ political interests toward different mandates influences levels of financial support, we need to examine how voluntary resources are distributed across WHO mandates. General assessments of extra-budgetary resource distribution in global health suggest disproportionate support for HIV/AIDS and emergency response relative to other concerns (Gostin 2007; Feldbaum et al. 2010; Vaughan et al. 1996, 242). Gostin (2007:298) argues that when funding is done on a voluntary basis:

“Most funding is driven by emotional, high-visibility events, including large-scale natural disasters such as the Asian tsunami; diseases that capture the public’s imagination such as the human immunodeficiency virus and AIDS; or diseases with the potential for rapid global transmission such as hemorrhagic fever, severe acute respiratory syndrome, or pandemic influenza. These funding streams skew priorities and divert resources from building stable local systems to meeting every day health needs.”

The effect of donor political interests can be seen in the disparity between how WHO extra-budgetary resources and regular budget resources are distributed. Assessed
contributions are more aligned with the actual global burden of disease than extra-budgetary funding. In 2008-2009, 60% of WHO’s extra-budgetary funding was primarily for infectious diseases with negligible allocations for non-communicable diseases (3.9%), yet, non-communicable diseases account for 62% of deaths worldwide (Sridhar and Gostin 2011).

The securitization of HIV/AIDS and other infectious diseases in the early 2000s is correlated with increased donor funds in those areas. For example, prior to the emergence of the H5N1 avian flu, donor funding for international surveillance and pandemic planning was virtually non-existent. In the wake of the avian flu scare, more than $2 billion was provided between 2004 and 2008 (Feldbaum et al. 2010, 84). The clearest example of strong political support for the WHO came with the move to increase the Organization’s powers to monitor disease outbreaks by allowing the use of surveillance reports from nongovernmental organizations and electronic surveillance systems, rather than relying on states to provide this information voluntarily. The move came in response to the SARS epidemic and China’s initial decision to conceal information from the rest of the world. As Feldbaum (2010:86) notes, “the WHO’s authority in infectious disease control has been strengthened partly because it suited the interests of Western states to allow this to happen.”

The financial and political support provided to WHO by donor states did not occur in the area of HIV/AIDS. Donor states, and the US in particular, have provided billions of dollars in assistance for HIV/AIDS treatment and (to a lesser extent) prevention. But donors have preferred to deliver financing through new funds and
organizations rather than through the WHO. In 1996 donor states created UNAIDS to replace the Global Program on AIDS (GPA), a WHO program founded in 1987. The elimination of the GPA was the direct result of donor dissatisfaction with WHO during the 1990s and their desire to exercise greater control over funds (Merson et al. 2008, 482-483; Sridhar and Gostin 2011, 462). The move effectively removed HIV/AIDS (and the single greatest target of global health funding) from the WHO agenda, thus delivering both a financial and political blow.

Donors went a step further in 2002 when they created the Global Fund to Fight AIDS, Tuberculosis and Malaria. The timing could hardly be clearer as the Global Fund’s founding came on the heels of WHO’s reentry into the HIV/AIDS arena. In 2000-2001, WHO launched its “3 by 5” initiative with the goal of supplying three million HIV positive patients with antiretroviral drugs by 2005. In launching the new Global Fund, donors demonstrated their preference for financial mechanisms outside the UN System. Its creation is directly linked to the interest of the United States, Japan and Italy (all major WHO donors) in delivering assistance outside the auspices of the United Nations (Kohlmorgen 2005, 8).

Donor support for health systems differs from both emergency response and HIV/AIDS. In emergency response there is a great deal of money and support for the WHO. In HIV/AIDS generous financial support is provided, but much of it is side-steps the WHO. In health systems, there is simply less financial and political support provided by donors through WHO or other forums. Donors’ preference for disease-specific interventions has decreased the relative share of resources dedicated to public health
infrastructure (Shiffman 2008, 98). Figure 4.4 lists WHO activities for the 2002-2003 biennium. It shows the total financial resources dedicated to each activity and the source of funding (whether from regular or extra-budgetary resources). The three activities receiving the most funding are “emergency preparedness and response,” “informatics and infrastructure services” and “communicable disease prevention, eradication and control.” The emergency preparedness and communicable disease activities have a similar distribution of regular and extra-budgetary funds. For emergency preparedness, nearly all resources are earmarked and supplied voluntarily by donors. Funding for communicable disease too comes primarily from voluntary sources (less than $20 million of its nearly $150 million come from the regular budget). In contrast, “informatics and infrastructure services,” receives nearly two-thirds of its resources from the regular budget. Informatics and infrastructure funding is not strictly dedicated to health systems but its work is aimed at the WHO country offices that work directly with national health ministries. Funding is used to provide internet connectivity and access to WHO databases for country offices in addition to managing websites and supplying IT support (SEARO 2004).

Other activities that relate directly to health systems receive few extra-budgetary funds in relative terms. For example, health information management and dissemination, and the organization of health services both receive relatively small budgets and more than half of both are supplied by member state assessments rather than voluntary contributions. In contrast, communicable disease activities (surveillance, prevention, research, malaria, and tuberculosis) all receive the vast majority of funds from voluntary contributions.
Variation in the ratio of voluntary and regular budget funds across issue area is correlated with variation in the political interests of donor states. The proportion of voluntary resources is higher in response to emergency preparedness (a global incapacity problem) than in health systems development (a domestic incapacity problem) and this pattern of support is consistent with the Donor Complementarity Hypothesis (H1).

The HIV/AIDS case is more complex. The domestic resonance of HIV/AIDS combined with its securitization in the early 2000s brought unprecedented financial support to the cause, but this support was channeled through new forums rather than through the WHO. Why is there variation in how donors choose to provide assistance in emergency response and HIV/AIDS? Two possibilities are worth noting. First, managing disease outbreaks requires interstate cooperation. Multilateral forums with universal membership are ideal for dealing with the problem because one never knows where a disease outbreak will occur and once it spreads cooperation is needed from all. HIV/AIDS is a similarly high profile problem but is distinct from fast-spreading disease outbreaks in the flexibility it offers. Donor states can provide assistance bilaterally or through private-public partnerships such as the Global Fund that have selective memberships. The absence of universal participation does not threaten the efficacy of the approach as it does in the case of influenza outbreaks. Second, given the presence of these alternative methods of aid provision, donor states’ concerns regarding the internal

39 WHO 2004b, 7
politics and structural fragmentation at WHO no doubt influenced their decision to support other forums in the fight against HIV/AIDS.

**Effects of Donor Behavior on WHO Organizational Interests**

Donor state decisions to provide or withhold financial resources and political support have a direct impact on IO interests. Chapter Three detailed how donor decisions to withhold financial and political support from WHO during the 1980s and early 1990s damaged its interests severely, first by reducing its autonomy and second by reducing its status in the international community. In the late 1990s and 2000s donor support varied across WHO mandates as donors sought to shore up the Organization’s power in some areas while attempting to constrain it in others: The trend toward reliance on extra-budgetary funds only increased in the early 2000s reaching nearly 80% of the WHO budget in 2010. This reality threatens the neutrality and independence of the Organization (Sridhar 2010, 562; McNeil 2008; Doughton 2008).

WHO is no longer first among equals in all areas of global health. It increasingly must act according to priorities set by member states and increasingly by philanthropic organizations like the Bill & Melinda Gates Foundation (Novotny 2008; Sridhar 2010). Donor states’ creation of new international actors in global health further challenges WHO interests. This is true of HIV/AIDS in particular. The creation and substantial financial backing of The Global Fund for AIDS, Tuberculosis and Malaria—which has distributed $21.7 billion since its founding—contributed to a relative weakening of the WHO (Kohlmorgen 2005, 9).
WHO interests have been served by donors is in the area of emergency response. As noted above, donor states approved an increase in WHO authority by allowing the Organization to investigate disease outbreaks without consent of the government where the outbreak occurs. WHO bureaucrats also possess the ability to define the threat level of global disease outbreaks, and issue travel restrictions based on their assessments. In combination these abilities make WHO an authoritative actor when outbreaks occur.

By the late 1990s and early 2000s donor states were sending clear signals regarding what types of issues they would fund. At the top of the list were those issues where donors had clear political interests (and particularly national security interests) at stake. Second were issues where they could measure whether their financial contributions were used for their intended purpose in a cost-effective manner.

How did these patterns of donor support influence WHO behavior? In Chapter Three, WHO failed to adjust to the incentives provided by donor states. Dissension inside WHO prevented a coherent response from the Organization. WHO did not manage to change the content of its health systems approach, nor did it shift its financial resources toward areas with greater donor appeal. The next section examines WHO behavior between 1998 and 2010 and reveals an Organization that is better able to respond to donor state incentives. In this regard WHO initiated a two-pronged strategy, first by transforming its approach to health systems development, and second by starting new initiatives in areas where donors held demonstrated political interests.
WHO Support for Global Health Mandates

For many years the WHO approach to health systems development was intimately linked to the International Conference on Primary Health Care held in 1978 at Alma-Ata. The Conference promoted a holistic and horizontal approach to health; it sought to ensure basic health services with adequate and safe water and food supply. The approach, termed “primary health care,” emphasized building capacity in local communities to supply basic care rather than external interventions or high tech hospitals in capital cities. Western donor states were highly skeptical of this approach and went so far as to advocate an alternative that emphasized vertical, disease-specific interventions in the developing world. But despite resistance from donor states, WHO did little to adapt its health systems approach in a way that would appease donors throughout the 1980s and 1990s.

This changed in 2000 when WHO chose health systems as the topic of its World Health Report. The Report, titled “Health Systems: Improving Performance,” provided a substantially different health systems agenda than that endorsed at the Alma-Ata Conference. In the Report, WHO acknowledged severe shortcomings, stating that despite good intentions, “many such programs were eventually considered at least partial failures.” And in a harsh rebuff to primary health care advocates, the Report goes further to say that “the quality of care was often so poor to be characterized as “primitive” rather than primary” (WHO 2000b, 14-15).

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40 On this point see Chapter Three.
The WHO report reflects that the debate over health systems development has long been about what form health systems should take. For example, should they be public or private, hierarchic or decentralized, and whether vertical or horizontal interventions are more useful. WHO then shifts the terms of the debate by stating that WHO does not “offer a model of how to construct or reconstruct a health system. The world is currently experimenting with many variants, and there is no clearly best way to proceed” (WHO 2000b, 17). The Report seeks to transcend the old debate by offering a performance-based metric for health systems rather than a form-based one. Specifically, it calls for high quality delivery of essential care (regardless of method), “defined mostly by a criterion of cost-effectiveness” (WHO 2000b, 15). The Report further criticizes the Alma-Ata approach for its omission of private finance and private provision of care (WHO 2000b, 15), a sentiment shared by many policymakers in the United States.

WHO invested significant information and knowledge resources to support its new health systems approach. An entire chapter of the 2000 World Health Report is dedicated to developing performance metrics. Quantitative measures of health system responsiveness, fair-financing, and overall performance, are explained and used to rank health systems around the world (WHO 2000b, 34, 35-37, 43, 52-55). The development of these metrics enabled internal efforts to improve evaluation of health systems activities at the country level. Budget proposals by the Secretariat to the Executive Board now
include expected impacts and are accompanied by Performance Assessment Reports that evaluate the impact of previous WHO efforts (WHO 2004b, 2006, 2008b).^{41}

Evaluation efforts were complemented by increased development and use of experiential knowledge from WHO country offices. In 1998, Director-General Gro Harlem Brundtland recognized the past failures of the Organization to harness the experience and expertise of its country office staff in earlier years. Speaking to the heads of WHO country offices, Brundtland reached out to WHO staff around the globe: “We wish to learn from you – from your experiences – from your knowledge and from your suggestions. (…) “We recognize that your work in the countries is of great value for our strategic planning and that it can influence our relationships in the international health community” (Brundtland 1999).

WHO sought to capitalize on country office staff experience in a number of ways. Documents known as Country Cooperation Strategies (CCSs) served as a first step. Each CCS provides a medium-term vision (4-6 years) for WHO cooperation with a recipient

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^{41} Internal WHO evaluation efforts were increasingly supplemented by outside evaluations. Global Health Watch, an NGO focusing on the performance of global health institutions began publishing its *Alternative Health Report* in 2003 providing an explicit alternative and check for those wishing to verify the WHO report (Global Health Watch 2005, 2008). The UN Joint Inspections Unit continued to monitor WHO, providing an evaluation of its management structures in 2001. Most interestingly, the efforts of donors to overcome their own informational deficiencies through solo and joint efforts increased. A consortium of like-minded donor states formed the Multi-lateral Organization Performance Assessment Network (MOPAN) in 2003 and assessed WHO performance in 2007 (MOPAN 2007). MOPAN operates by surveying its own development aid staffers on the ground in recipient countries with reason to interact with a given multilateral and ask questions about their perceptions of its usefulness and influence. In doing so MOPAN helps to overcome donor informational deficiencies by making use of their own eyes on the ground in recipient countries in providing assessment information. Evaluations by DFID and DANIDA now make use of similar methods in addition to drawing on other sources. DFID assessed its own partnership with WHO in 2004 along with a 2007 overall assessment of the Organization (Toonen et al. 2004; DFID 2007). In all, the number of evaluations doubled in the second time period which was half as long as the first.
country and provides a strategic agenda for achieving that vision (WHO 2007b). The Strategy is designed with representatives from headquarters, regional, and country-level staff, along with recipients. In some cases, important donors are also included in the discussion or receive a first-look to explain how strategy choices will contribute to achieving WHO aims in the recipient country (Addis Tribune 2002). The CCS has been described as “a learning process” that has introduced new ways of working inside WHO (WHO Country Support Unit Network 2004, 6). It not only serves as a forum for country offices to communicate their own needs and priorities with headquarters but also for headquarters to gain basic information regarding how resources are used by country offices (information that was often lacking in the time period covered in Chapter Three).

WHO also sought to increase knowledge sharing between country offices through a new Country Support Unit Network, established in 2003 by Director-General Lee Jong-wook. The Network institutionalized interactions of WHO country office representatives with regular meetings to exchange ideas. A number of useful lessons were learned from the CCS and CSU initiatives. The completion of CCS reports provided headquarters with a complete view of aid distribution at country level and led to the identification of a group of countries now dubbed “donor orphans” which have low health systems capacity but receive little aid (WHO 2007c, 20-21). Second, based on the experiences and feedback from country office staff, WHO placed greater emphasis on hiring staff with practical experience working in developing countries as opposed to those with a high level of medical expertise (WHO 2005, 10). The CSU Network meetings highlighted successful experiences of individual offices and sought to diffuse them across the
Organization. For example, the South-East Asian Regional Office (SEARO) identified country offices that were strong in specific technical areas and harnessed that expertise to help other offices that were in need of assistance on the same issue. Similarly, the Pan American Health Organization’s successful capacity-building program, Technical Cooperation among Countries (TCC) was highlighted and shared with others at CSU Network meetings (Periago 2008).

WHO responded to donor state incentives by transforming its health systems programs but it also developed new initiatives in areas that already held appeal for donor states. WHO launched two initiatives in 1998. The first, “Rollback Malaria,” seeks to reduce malaria mortality. The second, the “Stop TB Partnership” aims to eliminate tuberculosis, with special initiatives to prevent and treat tuberculosis in people living with HIV/AIDS (Stop TB Partnership 2011). The structure of both programs is designed to serve both WHO and donor interests. Stop TB and Rollback Malaria are public/private partnerships, an increasingly popular institutional form among Western donors. The programs each have a governance structure that is separate from the WHO bureaucracy (appealing to donors) but are housed at the WHO Secretariat in Geneva and are widely associated with WHO, which serves to raise its profile in the international community. Kohlmorgan (2005:9) argues that both initiatives can be viewed as “an attempt to regain power” in a new global health environment.

After losing its footing in the HIV/AIDS arena following the creation of both UNAIDS and the Global Fund to fight AIDS, Tuberculosis and Malaria, WHO developed a new HIV/AIDS policy in 2000. In 2003, together with UNAIDS, WHO launched the “3
By 5” initiative, aimed at providing three million people suffering from AIDS with antiretroviral drugs by 2005. Estimates of the amount of money necessary to accomplish the goal (between $5.1 and $5.9 billion USD) (Gutierrez et al. 2004) suggest the program would be a great boon for the Organization should it raise even a fraction of the funding required.

Explaining WHO Behavior Across Mandates: Interests and Fragmentation

Differences in WHO behavior during the periods covered in Chapters Three and Four require explanation. Why did WHO prove more adept at responding to donor incentives in the second time period? What explains the nature of its responsiveness in health systems, namely, why did WHO attempt to reframe and retool its health systems approach rather than reduce its commitment altogether? The IO Responsiveness Hypothesis (H2) expects that as fragmentation in the interests of an IO’s constituent parts is reduced, IO responsiveness to incentives provided by donor states will increase. The WHO case provides support for the hypothesis: reorganization efforts and reforms inside WHO shifted interests in ways that reduced the negative competition that plagued the Organization in the earlier time period. However, to say that interests held across WHO offices were harmonious would be to go much too far. The persistence of internal difference inside the WHO is useful in explaining how the Organization responded to donor state incentives between 1998 and 2010.

Two elements of the WHO structure produced conflicts of interest inside the Organization in the 1980s and 1990s. The first problem was horizontal: WHO programs
were divided into more than fifty programs that operated in a silo-like fashion. In the context of a zero-growth regular budget the success of one program came at a cost to another. When one program’s regular budget resources increased, others were necessarily cut, putting the material interests of different programs at odds with one another. The shrinking of the regular budget only served to increase competition as programs were required to campaign for voluntary funds rather relying on mandatory assessments.

Beginning in 1998, a series of institutional reforms sought to shakeup the Organization in productive ways. WHO’s fifty specialized programs were reorganized into nine clusters and later to eight (UN Joint Inspections Unit 2001). The move led to a considerable realignment of interests as former competitors became colleagues. In combining programs with activities that had overlapped, the restructuring reduced duplication across programs. It also reduced competitive interests; programs with the most overlap where turf wars had been prevalent now became colleagues whose material well-being depended on one another. It also expanded the perspective of individual programs, reducing insularity. Although the perspective of the eight clusters remained more insular than the bird’s eye view of the Director-General, they were also considerably broader in their perspective than the fifty specialized programs that preceded them. Similar restructuring took place at regional offices to conform to headquarters’ approach. For example, the Western Pacific Regional Office reorganized from fifty separate programs to seventeen “focuses” (UN Joint Inspections Unit 2001).

Other reform efforts sought to dampen vertical fragmentation between Geneva and the regional offices. This included the creation of a global secretariat in Geneva that
would include regional representatives (UN Joint Inspections Unit 2001) and for the first
time, regional directors were asked to assist in finding staff for WHO vacancies (Robbins
1999). When interviewed by the UN Joint Inspections Unit in the wake of these changes,
regional office staff reported they had reduced the tensions with Geneva (UN Joint
Inspections Unit 2001). The Regional Director for Europe, Marc Danzon commented on
the turnaround in relations and emphasized the increasing presence of a strong and
positive collaboration between the three levels of the Organization (WHO 2007a, 14).
These efforts coincided with the “One WHO” approach advocated by headquarters that
emphasized shared goals (as opposed to more insular priorities) and advocated
coordination across the Organization.

A renewed sense of collaboration and shared interests across the WHO marked a
significant change from the 1980s and early 1990s, yet certain differences persisted. The
first centered on competition for material resources between regional and country offices.
Until 2002 country office budget allocations were controlled by regional directors and the
process was chided as overtly political rather than need-based (Lucas et al. 1997). Unable
to address the regional political issues driving the problem, budgetary power was
removed from the Regional Directors and handed to Director-General in Geneva “in
order to ensure application of more objective criteria in making such decisions” (WHO
2001, 5). The Director-General employed a model drawing on the UN Development
Program’s Human Development Index, immunization coverage and population statistics
(WHO 2003).
Regional office responses to the rule change demonstrated the continued primacy of regional, as opposed to global, interests. The reallocation increased financial resources for the African region from 28% to 34% of regular budget allocations and increased the European region from 9% to 10% of the regular budget at a cost to the Region of the Americas and the South-East Asian, Eastern Mediterranean and Western Pacific regions. Each of the four regions whose allocations were reduced expressed their wishes to discontinue the use of the model after learning of its effects, while the African region praised the change and called for its effects to be implemented as quickly as possible (WHO 2003, 3).

The rule changes in budget allocation illustrate a side-stepping strategy increasingly employed by headquarters to alleviate the pernicious effects of fragmentation inside WHO. Others were tried as well. For example, the notion of “dual accountability” whereby Regional Directors answer to geographic constituencies rather than the Director-General was questioned. Director-General Brundtland emphasized that RD nominees were delivered by the Director-General to the Executive Board with or without comments. In this way the Director-General could signal displeasure or approval of nominations (UNJIU 2001).

Despite these changes, the dysfunctional reputation of regional offices is a liability for the WHO and one that cannot be properly addressed without a major reform of the Organization’s structure (UK House of Lords 2007). The nature of that reform would require the elimination of regional offices, or at the very least, a substantial reduction in their independence and would likely be a non-starter from the perspective of
member states. This context sheds new light on the form of new WHO initiatives in Malaria, Tuberculosis and HIV/AIDS. Each initiative is housed at headquarters in Geneva but avoids the regional level of the WHO governance structure entirely. This is a coup for donor states in their desire for greater control over funds, but it also serves the interests of WHO headquarters staff. It allows headquarters to satisfy IO interests while avoiding having to confront the insular interests of the regional offices and dysfunctional behavior they produce. The explanation suggests that WHO was better able to respond to donor state funding incentives by avoiding its regional and country level bureaucracy.

But this was not the case in health systems development. WHO headquarters did not allow the health systems agenda to wither away—as it might have absent consistent and substantial allocations from the regular budget. Nor did the Organization attempt to marginalize its health systems work. On the contrary, it went to great lengths to publicize a new approach to health systems and dedicated two World Health Reports in a ten year period to the topic (WHO 2000b, 2008d). Why did WHO invest considerable resources in an area where donor states had consistently failed to support the Organization?

Part of the answer lies in the priorities communicated by WHO country office staff working on the ground in recipient countries. Among country offices in the African Region “the commonest challenge expressed by the forty-five Member States with a Country Cooperation Strategy was the need for WHO to support the countries in strengthening their weak and fragmented national health systems (WHO Regional Office for Africa 2004, 5). The sentiment is not limited to Africa; Director-General Margaret Chan has stated that health systems projects were advocated by country office heads all
over the world more than any other priority. The importance of health systems in the eyes of WHO country office staff is an important factor in explaining WHO persistence in supporting the health systems cause despite is failure to appeal to donor states. It is also helpful in explaining why WHO has sought to transform their approach rather than avoid it altogether as might have been expected.

**Joint Effect of Donor and WHO Behavior on Health Systems Mandate Interests**

The WHO significantly improved its support for the health systems mandate compared to the time period considered in Chapter Three. WHO acknowledged past failures and invested significant resources to support its new health systems approach. The Organization continued to dedicate funds from the regular budget to health systems, but equally important, invested in knowledge and information resources. WHO evaluated its programs, hired new staff with appropriate skill sets for country offices and made use of local knowledge of country office staff in designing strategies to assist each WHO recipient country.

Table 4.5 shows IO performance outcomes based on the contributions provided by donors and IOs. In the 1980s and early 1990s the WHO was not investing in the resources to support its health systems mandate. WHO actions in the later time period demonstrate a shift toward resource provision in support of the mandate. In contrast, donor state support for health systems remains low. The cells in Table 4.5 represent ideal types; donor funding is not zero and WHO contributions are not perfect. Nevertheless, IO
performance has shifted from low performance alignment (the bottom right cell) toward under-funded competence (the bottom left cell).

<table>
<thead>
<tr>
<th>WHO</th>
<th>Invests in information and knowledge resources</th>
<th>Does not invest in information and knowledge resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides financial and political support</td>
<td>High performance alignment</td>
<td>Well-funded failures</td>
</tr>
<tr>
<td>Does not provide financial and political support</td>
<td><strong>Under-funded competence</strong></td>
<td>Low performance alignment</td>
</tr>
</tbody>
</table>

Table 4.2: Explaining WHO Health Systems Performance, 1998-2010

The result has been positive for recipient country health systems. Evaluations point out many accomplishments linked directly to WHO efforts and consistently note improvements in WHO country level contributions. The proportion of low-income countries reporting that WHO made “an acknowledged contribution” in assessing equity in the preparation of new national health plans grew from 20% to 40% of eligible recipients (WHO 2008c, 120). WHO played a key role in redesigning health sector policy
in more than 70 countries, accounting for 80% of low and middle income countries (WHO 2008c, 90).

WHO improved the alignment of its services with recipient needs through the introduction of the Country Cooperation Strategies. Country offices reported using the CCS to improve the alignment of their work with recipient priorities in large numbers (WHO 2006, 182). In a 2007 Global Survey of WHO country offices 96% indicated the CCS was “considered in planning for the biennium and in guiding implementation of the WHO country workplan” (WHO 2007d, 18). These improvements are corroborated by outside evaluators. The MOPAN Survey, an evaluation conducted by a group of like-minded donors, credited WHO with becoming more responsive to government requests than in previous years (Toonen et al. 2004, 15).

In the area of developing country health policy, WHO contributions were generally viewed as improved relative to earlier efforts. Among all MOPAN country teams surveyed, “Most (…) perceive WHO to significantly contribute to national policy dialogue in the health sector” using terms like “strong contribution,” “significant,” and “demonstrably present” to describe the WHO contribution (MOPAN 2007, 20). Those reporting WHO “still takes little part” were in the minority.42 Efforts reported by WHO were consistent with these assessments. In 2006-2007 more than 60 countries across all six regions requested and received technical support from the Organization in the area of health systems. This represented an improvement from only ten countries receiving support in the previous biennium (WHO 2008c, 96-97).

42 These countries were Benin, Egypt and Ethiopia.
Improvements in national medicines policy can be linked directly back to WHO efforts in the Africa region where support was provided to develop or update current national medicines and blood policies, to conduct medicine price surveys, and interventions were undertaken to promote blood safety and improve public health laboratories and diagnostic imaging (WHO Regional Office for Africa 2005). In one example, WHO received praise for work in the preparation and enactment of several health ordinances in Pakistan including the Transfusion and Safe Blood and Blood Products ordinance, in addition to those on smoking, breast-feeding, and child nutrition (WHO and Government of Pakistan 2003, 3).

WHO redirected personnel resources to African states where scarcity in qualified health workers is regarded as a crisis launching a reorganized Health Leadership Service Program to focus on training practitioners (WHO 2008c, 113). Improvements in domestic research capacity were also supported by WHO. A WHO evidence-informed policy initiative was formed to create linkages between developing country researchers and policy makers to promote joint projects and information sharing. In 2007, 25 countries in the African, South-East Asian and Western Pacific Regions established national task forces to strengthen linkages with the WHO program (WHO 2008c, 107).

WHO also built regional knowledge bases by supporting consolidation initiatives in 25 countries (WHO 2008c, 106) and built country office documentation centers based on WHO standards (WHO 2006, 183). Recipient governments praised WHO for its training and support of local research capacity. In Gambia, the Secretary of Health and Social Welfare thanked WHO for “for their unflinching support for health and human
resources development in the Gambia” noting the greatest support had been for the development of the new medical school at the University of Gambia which he hoped would “result in several multiplier effects on the socio-economic development of the Gambia” (Correspondent 2002).

In all, WHO contributions to developing country health systems are much improved in the second time period. But the scale of those efforts is constrained by limited funding. Heavy reliance on voluntary funds has made it difficult to provide adequate support for all WHO areas of work. An analysis by the UN Joint Inspections Unit in 2007 found that in 35 areas of work, some were overfunded, particularly Emergency Preparedness and Immunization and Vaccine Development while others were underfunded including Women’s health and providing services for safe pregnancy (UN Joint Inspections Unit 2007, 13).

There is considerable debate regarding the long term effects of disease-specific interventions on health systems (Yu et al. 2008). Some suggest that increased funding for HIV/AIDS will have positive spillover effects on health systems. In 2006, Bill Clinton argued that if you first developed infrastructure in African countries to fight HIV/AIDS, “you will increase the infrastructure of dealing with maternal and child health, malaria and TB” (Garrett 2007, 23). Others adamantly disagree. They argue that interventions to improve health systems must precede disease-specific interventions in order for the latter to be successful (Garrett 2007; Gostin 2007; Englund 2007; Godlee 2007). Godlee (2007) writes that “The real answers to improving health lie in the longer term, less glamorous, and far messier approach of building capacity on the ground” yet “International aid is still
in thrall to disease-specific programs, with their allure of quick results, recipient accountability, and donor control.”

There are indications that the debate surrounding the relative importance of health systems and the limited success of some disease specific interventions are increasing donors’ willingness to fund health systems development. It remains unclear whether this will be done through the WHO. Unearmarked voluntary contributions are now on the rise (UN Joint Inspections Unit 2007) allowing WHO to dedicate more funding to health systems should they see fit and the UK recently launched a bilateral initiative aimed at building health systems capacity in the world’s poorest countries (Godlee 2007). WHO performance in fulfilling its health systems mandate in the future will depend both on its continued investment in knowledge and information resources and on its ability to attract donor support for the cause.

**Summary of Results and Implications of the WHO Case**

The results of the chapter provide substantial support for H1 and H2. The research design selected three WHO mandates where donor states’ political interests varied and evaluated whether this variation was associated with different levels of financial and political support as expected by the Donor Complementarity Hypothesis (H1). Evidence was consistent with H1. Donors provided higher levels of financial support in emergency response and HIV/AIDS than in health systems development where interests were lacking. Political support too appeared to be influenced by the political interests of donors: despite donors’ overall strategy to reduce WHO discretion over resource
distribution, donor states actually voted to increase WHO autonomy in the area of emergency response to disease outbreaks.

The Chapter examined how donor state decisions to provide (and withhold) resources influenced WHO interests and provided incentives for the Organization to alter its behavior in different ways. The IO Responsiveness Hypothesis (H2) expects that IOs with fragmented interests are less likely to respond to the incentives provided by donors. WHO interests were less fragmented in the time period considered in Chapter Four than in the earlier period (1980-1998) and this contributed to an improved ability to respond to donor state incentives. The WHO reshaped its approach to health systems development in ways known to appeal to donor states. It also launched new initiatives in areas where donor states had shown a willingness to provide voluntary resources.

The WHO case also demonstrates that IO leadership sometimes has alternative methods to respond to donor state incentives even when fragmented interests persist. In launching global initiatives in malaria, tuberculosis, and HIV/AIDS, WHO headquarters was able to sidestep regional offices. In doing so, it satisfied donors’ interests and avoided the political headaches of dealing with its own bureaucracy.

WHO behavior in health systems development is perhaps the most interesting. Health systems development is a classic domestic incapacity problem. It affects domestic citizens profoundly yet the global effects of the problem are perceived to be minimal. Beyond the good feelings that come from charity, donor states have little interest in providing support. This is consistently demonstrated in patterns of financial support for
WHO activities where donor states refrain from earmarking substantial voluntary funds for health systems and will not consider increases in mandatory assessments to the WHO regular budget. But rather than forgo the health systems battle, the WHO overhauled its approach and recommitted to the effort. In doing so it attempted to respond donor state incentives while maintaining its commitment to providing primary health care. The effort involved increased communication between the country, regional, and headquarters office staff. Among these actors, country office staff appear the strongest advocates of the health systems mandate. So long as Geneva continues to listen, the interests of staff working on the ground in recipient countries will likely ensure that health systems remain on the WHO agenda regardless of donor state priorities.

The findings in the WHO case come with normative implications. Studies of IO behavior often focus on whether IOs are faithful agents of their member states (Pollack 1997; Nielson and Tierney 2003). But in the WHO case, faithfulness to the IO’s primary donors could actually mean worse performance in health systems development. WHO’s current persistence in pursuit of the health systems cause goes on despite donors’ preference to focus on other problems. To the extent that functional health systems are critical to improved health in the developing world, this is an unfortunate outcome that points to questions about appropriate IO governance structures and the overall effects of voluntary contributions on IO activities. These issues are discussed in Chapter Six.

In the next chapter I evaluate H1 and H2 in the case of the Global Environmental Facility (GEF). Chapters Three and Four have provided a within case longitudinal study of the WHO. Expanding the analysis to the GEF allows for a cross-IO comparison in a
second issue area. Chapter Five evaluates the GEF’s climate change portfolio with particular attention paid to the GEF’s adaptation efforts designed to assist least developed countries cope with the effects of climate change.
Chapter 5: The Global Environmental Facility and Climate Change Adaptation

“Mitigation evokes global interest while adaptation measures are region-or even country-specific with limited direct interest of the global community other than from a philanthropic perspective”


Climate change is expected to place unprecedented stress on human and natural systems in ways that will alter many aspects of human life. Through increased temperatures, sea level rise, glacial melt, drought, and an increased incidence of extreme weather events, climate change is anticipated to affect where we live, what food we can grow, whether we can access water, and how susceptible we are to disease. For many years, policy responses to climate change focused almost exclusively on mitigation, or the curbing of greenhouse gas emissions (Pielke Jr et al. 2007). It has become increasingly clear that current mitigation efforts are insufficient to prevent significant warming in the future and the results of international efforts to reduce emissions do not produce optimism. Even if the Kyoto Protocol enjoyed a record of perfect compliance (which it does not) it would not reduce emissions on the scale necessary to avoid significant warming. Further, there is now considerable evidence that even if emissions were severely curtailed, significant warming will occur as a result of past emissions (IPCC 2007b, 19; Lecocq and Shaliza 2007, 2). As Pielke et al. (2007, 597) note, “Whatever actions ultimately lead to the decarbonization of the global energy system, it will be many decades before they have a discernible effect on the climate.”
This realization has led many countries to undertake significant efforts to *adapt* to the inevitable effects of climate change. The Dutch are developing floating cities to deal with anticipated flooding (Lyall 2007) and the island state of Tuvalu has requested immigration rights from Australia and New Zealand (BBC 2001).\(^{43}\) To initiate actions to build *adaptive capacity*, governments and citizens must be aware of the risks posed by climate change, possess the knowledge necessary to identify and plan adaptation activities, and mobilize sufficient resources to implement those activities. For many countries, but particularly those in the developing world, this capacity is lacking. Unfortunately, the world’s poorest states, especially in low-lying areas, are expected to disproportionately experience the negative effects of climate change (Dellink et al. 2009, 411). The most recent report from the Inter-governmental Panel on Climate Change (IPCC) affirms with high confidence that “the distribution of climate impacts will be uneven, and that low-altitude, less developed areas are generally at greatest risk” (IPCC 2007a, 75).\(^{44}\)

International architecture to assist in building domestic capacity to adapt has been slow in coming. In part, this is the result of the incentive structure that characterizes domestic incapacity problems outlined in Chapters One and Two. International efforts are reliant on financing from developed states that do not benefit from adaptation efforts in the developing world leaving weak incentives to contribute to those efforts. Developing country recipients have stronger incentives to ensure adaptation efforts are successful, but

\(^{43}\) New Zealand agreed while Australia declined.
\(^{44}\) The Report also notes that there is significant variability within individual countries and that some groups in developed countries are also highly vulnerable.
often lack positions of influence in IO governance as well as the knowledge necessary to successfully navigate those structures.\textsuperscript{45}

Adaptation efforts have emerged on the climate change agenda despite these obstacles; however, they remain limited because of them. In this chapter I assess the performance of GEF efforts to build adaptation capacity in developing countries through the Least Developed Countries Fund (LDCF). The LDCF was created in 2001 at the meeting of the Conference of the Parties (COP) of the UN Framework Convention on Climate Change (FCCC) and it is operated by the Global Environmental Facility (GEF). It is designed with the specific purpose of helping developing countries to identify urgent adaptation needs and implement projects to fulfill those needs. To accomplish these goals, developing countries are first required to produce a document referred to as a National Adaptation Program of Action (NAPA), which identifies the country’s vulnerabilities to climate change. After the NAPA is approved, states may apply for funding in order to implement individual projects identified in the document.

The record of LDCF performance is mixed. Most LDCs acknowledge that the NAPA preparation process has improved domestic knowledge of key climate vulnerabilities (though in some cases only marginally so). Likewise, NAPA preparation has contributed to institution building by bringing together stakeholders from a wide-swatth of society. More critically, many countries have struggled to implement projects or even win approval to implement projects identified in their NAPA documents. This

\textsuperscript{45}The influence of developing countries relative to donor states varies across international institutions that address climate change. These will be discussed in detail later in the chapter.
limitation calls into question the short-term effects of the NAPA in reducing developing
country vulnerabilities, as well as the sustainability of institutional and knowledge gains
made in the process of NAPA preparation.

The GEF case provides opportunities for a test of the *Donor Complementarity
Hypothesis (H1)* and the *IO Responsiveness Hypothesis (H2)* developed in Chapter Two.
Donor states’ political interests vary across the Global Environmental Facility’s two
climate change mandates: mitigation and adaptation. To test H1, I examine donor state
interests in response to adaptation (a domestic incapacity problem) and mitigation (a
global incapacity problem). I then test whether variation in political interests influences
levels of financial and political support for GEF mitigation and adaptation activities.

Donor state funding decisions influence the scale and reach of IO efforts but they
are also important because of the incentives they create that subsequently shape IO
behavior. When donors withhold funding and political support from IOs, they damage IO
interests by reducing budgets and status in the international community. Over time, if IOs
find activities are not attracting support from donors they are likely to shift to other types
of work or refraime current activities in ways that will hold more appeal.

The *IO Responsiveness Hypothesis (H2)* expects that the ability of an IO to adjust
its behavior to match incentives provided by donors will depend on the compatibility of
actors’ interests inside the IO. Here the GEF provides an interesting case. The GEF
structure includes the World Bank, the UN Development Program (UNDP) and the UN
Environmental Program (UNEP) as the implementing agencies (IAs) of GEF-funded
projects. To test H2, I examine how the interests of the three IAs influence their decisions to respond to donor states and their investments to fulfill their adaptation mandates.

The overall effects on IO performance are interesting. The absence of substantial funding for adaptation from donor states leaves the implementing agencies reluctant to invest in the expertise and knowledge necessary to competently assist developing countries with adaptation. In this way we see that IO behavior is clearly shaped by donor state incentives. At the same time, competitive interests inside the GEF collective agent have two clear effects. Competition for funding and turf has compelled each of the implementing agencies to keep one foot in the proverbial adaptation door to avoid being left out of the enterprise entirely.

Fragmentation results from competitive interests that prevent the IAs from improving their collective performance: Although each IA possesses its own comparative advantage, horizontal competition for funding and turf between them has led each agency to propose projects which fall outside its area of expertise. This same competitive dynamic prevents IAs from engaging in joint implementation even when those projects would benefit from the comparative expertise of more than one agency. Second, the GEF Secretariat and each of the IAs has its own organizational rules, project cycles and approval procedures that complicate and delay the approval process of LDCF projects. The competitive dynamics between the IAs contribute to an unwillingness to defer to the other agencies’ preferred methods. At the same time, the relationship between the IAs and the GEF Secretariat is increasingly characterized by vertical fragmentation and prevents the harmonization of rules and processes throughout the GEF system.
The Chapter is organized in six sections. I begin by defining adaptation capacity and consider efforts to finance adaptation in the developing world as a domestic incapacity problem as defined in Chapter One. This is followed by an overview of actors and institutions inside the climate change regime with an emphasis on the GEF and Least Developed Countries Fund. The subsequent sections test the *Donor Complementarity Hypothesis (H1)*. I begin by identifying major LDCF donors and then examine their political interests vis-à-vis adaptation. I then evaluate whether these interests influenced financial and political support for the GEF adaptation mandate. The remainder of the Chapter is committed to testing the *IO Responsiveness Hypothesis (H2)* with sections on the level of support for adaptation by GEF actors followed by an examination of interests inside the GEF. The effects of donor and GEF behavior on performance in adaptation are considered prior to a concluding section, which summarizes the chapter’s findings and discusses policy implications. In particular, I compare the GEF governance structure to alternative institutional designs including the new Adaptation Fund.

**Defining Adaptation Capacity**

Adaptation capacity can be defined in a number of ways. Some emphasize the presence of infrastructure (Michaelowa 2001, 5). McGray et.al. (2007: 2) provides a continuum of adaptation with four categories of actions intended to (1) address the drivers of vulnerability, (2) build response capacity, (3) manage climate risk, and (4) confront climate change. Adaptation actions include a wide range of activities from initiating new land use patterns and designing water management systems, to the development and use of drought-resistant seed varieties, to building coastal defenses and...
raising seawalls. The FCCC definition is broader; they define adaptation capacity as those practical steps taken to protect countries and communities from the likely disruption and damage that will result from the effects of climate change.\textsuperscript{46} Such practical steps include the actions mentioned above, but may also be aimed at the prior step of knowledge building about vulnerabilities to climate change. The importance of building knowledge (in addition to implementing actions) is especially important given the uncertainty regarding climate change effects.

This uncertainty has two sources: we do not know how much temperature change will occur (this depends upon future emission levels in addition to natural variation), and we do not know precisely the effects that each increment of change will cause. Under these conditions determining the eventual effectiveness of adaptation measures is impossible because the degree to which they avert costs will not be known in advance of climate change effects. The uncertainty might be thought of as similar to one faced by diplomats considering humanitarian intervention to avert the killing of civilians in a civil conflict: they do not know for certain whether the killing will occur or how widespread it will be. They also do not know exactly what measures will be necessary to avert the disaster. In the same way a government takes adaptation actions not knowing “how bad” climate change will be or whether the actions it takes will adequately address the problem. When contemplating building a seawall to deal with anticipated sea level rise, a government may feel pulled in two directions. On the one hand, it wonders whether the

\textsuperscript{46} Conceptually this definition would appear to include both autonomous and policy-driven adaptation. The latter is deliberate and planned while the former involves changes that humans, animals, and plants undertake naturally in response to their changing environment. In practice UNFCCC funds policy-driven adaptive efforts. For a discussion on the differences between autonomous and policy driven adaptation see (Tol et al. 1998; Stern 2006, 459-460).
seawall is needed at all, on the other, once the decision is made to build, it wonders whether it is high enough.

This uncertainty points to the importance of building the knowledge necessary to identify vulnerabilities and to adjust policy as climate change effects become clearer. This knowledge is notoriously lacking in most LDCs. Building knowledge regarding vulnerabilities to climate change involves a number of activities. First, general knowledge regarding climate changes’ effects is useful in putting adaptation on the agenda across government departments. Second, efforts to bring together local stakeholders to discuss how changes in climate are already affecting their lives (and strategies used for coping) can be helpful both in assessing vulnerabilities and putting together ideas for response. Third, more comprehensive assessments of vulnerabilities are needed across sectors. For some countries, effects might be obvious—for example, island states fear sea level rise. However, for others it is more difficult to anticipate vulnerabilities. For example, assessments of the likely effect of temperature rise on disease outbreaks are complex but extremely useful in developing response actions. Even in the sea level rise case, different climate models (and different predicted inputs into those models) yield different results which call for seawalls of varying heights and determining costs and benefits of various adaptation options requires interdisciplinary knowledge in climate science, economics and engineering in addition to local knowledge held by citizens. Given the complexity involved in assessing adaptation, I evaluate IO performance in assisting LDCs to build knowledge regarding vulnerabilities to climate change and actions taken to address those vulnerabilities.
Adaptation as a Domestic Incapacity Problem

In IR scholarship and in policy circles, climate change is most often discussed as an interstate cooperation problem. Climate change poses a classic collective action problem for states: all contribute, yet none has the incentive (or the ability) to solve the problem unilaterally. Reducing global greenhouse gas emissions requires interstate cooperation and this aim is reflected in the FCCC and in the Kyoto Protocol. In this context the FCCC Secretariat performs tasks consistent with interstate cooperation problems outlined in Chapter One. The Secretariat monitors compliance and acts as a clearing house for emissions information supplied by states. In doing so the Secretariat improves the transparency of state behavior and increases the credibility of state commitments consistent with cooperation theory in IR.

Over the past decade the role of IOs working to address climate change has evolved and their range of tasks is expanding in ways that go beyond traditional cooperation theory. In addition to monitoring compliance with mitigation arrangements, IOs now address adaptation problems: assisting developing countries to identify vulnerabilities to climate change effects, designing projects and policies to address those vulnerabilities, mobilizing resources for those projects, and assisting in implementation on the ground. These tasks are consistent with those associated with incapacity problems discussed in Chapter One. This expansion results from the realization that climate change effects are producing domestic consequences for states that are unprepared to cope. As a result, adaptation has emerged as a complement to mitigation efforts in the international climate change regime.
That so many developing states are among the most vulnerable to climate change effects is an accident of geography. It stands to reason that the expected costs of adapting to climate change will be high. Estimated costs for the developing world range from $30 billion to $100 billion each year. The socioeconomic status of developing states leaves them without adequate resources. Indeed, one aspect of incapacity is strictly financial: developing countries, particularly the least developed countries (or LDCs), do not possess the financial resources necessary to respond to climate change.

Although money is no doubt critical in addressing adaptation needs, it is not sufficient to do so. Capacity is needed in the form of a strong scientific knowledge base to assess vulnerabilities and the institutional infrastructure necessary to implement programs to respond to those vulnerabilities (Chen 2010, 304-305). To respond to climate change in the long-term, institutional and knowledge capacity are essential to success.

Adaptation is a domestic incapacity problem because its benefits are typically local. This stands in contrast to mitigation efforts which produce global benefits. The beneficiaries of a new levee or improved irrigation system are regional at best and the scale of adaptation benefits is considerably more narrow (Stern 2006, 459). As a result, the incentives for global collective action on adaptation are weak. The Asian Development Bank puts it well, noting that “mitigation evokes global interest while adaptation measures are region-or even country-specific with limited direct interest of the global community other than from a philanthropic perspective” (Sharan 2008, 4).

The limited scale of adaptation benefits means that when developing countries rely on the developed world for assistance, they rely on a group of states that do not stand
to benefit from providing that assistance. Indeed, weak incentives for action are credited with contributing to the slow pace with which adaptation appeared on the global climate agenda (Schipper 2006, 82). An emphasis on adaptation was unacceptable to influential states as they contemplated new mechanisms for environmental funding just twenty years ago. During the negotiation process leading to the creation of the GEF, European donors indicated that funding for “distinctly global purposes” was the only politically viable option for creating the new Fund (Sjoberg 1994, 20). The design of the Facility reflects this preference: all projects receiving money from the general GEF Trust Fund are required to produce global environmental benefits.

Given the inherent motivation problem for wealthy states, why do we see a willingness to contribute to developing countries’ adaptation efforts (even in relatively small amounts?) Two factors are relevant. First, many projects that improve resilience to climate change are similar to (and at times, even identical with) typical development projects aimed at poverty reduction or institution building, for example, improving the yields of local farmers, or building scientific research capacity. There are few adaptation projects that cannot already be found in the development toolbox (McGray et al. 2007, 1). These types of projects have long been funded by donor states both bilaterally and through IOs for humanitarian reasons and assistance for adaptation too can be seen through this lens. The recasting of adaptation as a humanitarian problem assisted its rise onto the climate change agenda.

Second, developing countries have lobbied for greater attention to adaptation efforts. In 2002 these demands were formalized in the ‘Delhi Declaration’ put forward by
developing countries (UNFCCC 2002). In addition, financial support for adaptation is increasingly viewed as a necessary concession by the developed world in order to win developing countries’ commitments to reduce emissions. In other words, a mitigation-adaptation package is necessary to bridge North-South policy divides.

These demands have begun to bear fruit as international funding for adaptation has increased substantially in the last decade. However, from the perspective of developing states, accessing these funds is anything but a straightforward process. It involves numerous institutions and actors that not only operate using different rules and procedures but also hold different interests and priorities. The next section introduces relevant institutions and actors inside the climate change regime. I begin broadly with the FCCC and then move on to explain its relationship to the GEF and how the latter governs the Least Developed Countries Fund. I then discuss the process of accessing LDCF funds for developing states.

Institutions and Actors in the Climate Change Regime

There is no single institution or regime which governs international climate policy. Instead, a number of agreements and international actors work to address the issue with varying degrees of coordination. Among the agreements governing climate change, the UN Framework Convention for Climate Change (FCCC) looms large. The FCCC entered into force in 1994 and today there are 195 parties to the agreement. The Conference of the Parties (COP) serves as the decision making body of the FCCC which operates by consensus. Subsequent international conventions, and importantly the Kyoto

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47 Keohane and Victor (2011) characterize climate change policy as a “regime complex” made up of loosely coupled specific regimes rather than a fully integrated set.
Protocol, have been negotiated within the FCCC framework and a number of international actors, including the GEF, World Bank, UNDP, UNEP and many development banks work to implement COP decisions.

The GEF operates as the official financial mechanism the FCCC. The COP provides guidance to the GEF on its operations but the latter is not bound by the decisions of the former. The COP’s lack of direct control over the GEF is not without consequence. The governance structures of each institution are distinct. The GEF gives greater weight to the votes of developed states when compared to the COP. Not surprisingly, many developing countries complain that the GEF is not faithful to COP guidance and would prefer the COP to exercise binding authority over GEF activities.

The executive body of the GEF is the GEF Council. Council membership is based on a constituency system in which all 176 member states are represented but the number of states in a constituency varies widely. For example, the US, China, France, Germany, Italy, Canada, and Japan are each a constituency unto themselves and hold their own seat on the Council. In contrast, Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka share a single seat (GEF 2011a). The structure presents a representation problem for states included in multi-state constituencies where the loyalties of representatives (to the nation versus to the larger constituency) are sometimes in question leaving some to feel they are represented in name only (GEF 2002, 58).

\[48\] The GEF also serves as the financial mechanism for other international environmental agreements, including the Montreal Protocol and the Convention on Biodiversity.
The Council’s voting procedures were adjusted in 1994 after an evaluation determined recipient countries should be awarded more influence in the Council. Voting rules now require a ‘double-majority’ in which a majority of countries and a majority of donations are required to carry a vote. This procedure essentially gives veto power to a small group of the largest donors. In practice, however, a vote has never taken place at the Council, leaving it open to suspicion that decisions are subject to back-room deals rather than true consensus among its members (Müller 2007, 4). Indeed, there is a perception that major decisions are made by donors during the GEF replenishment process rather than through discussions on the Council. Both the formal voting procedures and the decision making norms of the Council exacerbate cleavages between donor and recipient states. This is particularly true in the area of adaptation policy where donors exert disproportionate control on the Council despite recipient states being the target of adaptation efforts.49

The Council is supported by the GEF Secretariat, which employs around 100 staff members (GEF 2011b). The Secretariat does not directly implement projects in developing countries. Instead, its role is to approve (or reject) projects proposed by states qualifying for GEF financing. This is true for all projects seeking GEF funds, including those aimed at adaptation. The Least Developed Countries Fund (LDCF) is operated by the GEF and provides an example of a fund devoted solely to adaptation efforts. The

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49 Developing country recipients are also the site at which mitigation projects are implemented. In these cases, however, donor incentives to monitor effectiveness are somewhat stronger since they stand to benefit from the effects of successful mitigation efforts.
LDCF provides an exception to the GEF global benefits requirement. Projects funded are allowed to produce strictly domestic-level benefits in developing countries.

As the preceding discussion implies, when developing countries wish to apply for adaptation funding through the LDCF, they encounter a complex system of environmental governance. Established by the FCCC and managed by the GEF, its daily operations are guided by a small group within the GEF Secretariat’s climate change team that reports to the GEF Chief Executive Officer (CEO) and the Council (DANIDA and GEF Evaluation Office 2009, 32). All LDCF projects must be approved by the Secretariat and ultimately by the CEO. However, projects must be submitted with the assistance of one of three implementing agencies: the World Bank, UNDP and UNEP. The IAs also assist in the implementation phase after projects are approved. In addition to the designated IA, LDCs may also receive guidance from the Least Developed Countries Expert Group (or LEG), made up of twelve experts. The LEG advises LDCs struggling to navigate the system, however it is not involved in implementation (DANIDA and GEF Evaluation Office 2009, 33). Each different actor (the relevant IA, the LEG, and the Secretariat and CEO) provides feedback on proposed projects and in many cases this process necessitates revision of project proposals. As a result, many projects undergo several iterations before receiving approval from the CEO. Figure 5.1 provides a diagram of the process.

50 The Special Climate Change Fund (SCCF) provides a second exception to the global benefits requirement.
The GEF structure is such that each IA is accountable to the GEF Council for activities financed by the Facility, which includes those of the LDCF (Werksman 2003, 6; GEF 2004a, 17). This accountability structure is interesting insofar as the World Bank, UNDP, and UNEP possess their own pre-existing governance structure to deal with non-GEF responsibilities. This means that project cycles, monitoring systems, and proposal requirements are different across IAs. In addition, each IA has its own reputation and status in the international arena. In fact, the inclusion of both the World Bank and UNDP came in part to allay the fears of both institutions’ opponents. Developing countries, joined by Sweden and the Netherlands, raised concerns regarding the location of the GEF.
at the World Bank, preferring that it sit within the UN system, while other Western countries were strongly in favor of the Bank (Gupta 1995, 29; Sjoberg 1994, 13). As we have seen, the GEF governance structure includes a prominent role for donor states and the next section identifies these governments.

**Donors and the Least Developed Countries Fund**

Domestic incapacity problems are characterized by a lack of overlap between donor and recipient states. This holds in the case of the LDCF where only those states classified as LDCs are eligible for assistance. The classification is based on average income, human resource weakness (based on indicators of nutrition, health, education and adult literacy), and economic vulnerability. In contrast, all financial contributions come from non-LDCs. Table 5.1 provides a list of current LDCs and contributors to the LDCF by region.

All current LDCs (save Haiti) reside in Africa and Asia, while most donors (save Australia, Japan, and New Zealand) reside in Europe and North America, making regional inequalities all too clear. Among donors, Figure 5.2 identifies the top contributors. Germany leads the group, followed by the United States and United Kingdom. The Netherlands and Denmark round out the top five and are followed by Australia and France.
<table>
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<th>Current LDCs</th>
<th>LDCF Donors</th>
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<tbody>
<tr>
<td><strong>Africa</strong></td>
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<tr>
<td>Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Sudan, Togo, Uganda, United Republic of Tanzania, Zambia</td>
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<tr>
<td><strong>Asia</strong></td>
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<tr>
<td>Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao People’s Democratic Republic, Myanmar, Nepal, Samoa, Solomon Islands, Timor-Leste, Tuvalu, Vanuatu, Yemen</td>
<td>Australia, Japan, New Zealand</td>
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<tr>
<td><strong>Latin America and the Caribbean</strong></td>
<td>Haiti</td>
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<td>Canada, United States</td>
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<td></td>
<td>Austria, Belgium, Czech Republic, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom</td>
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Table 5.1: Current Eligible LDCs and LDCF Donors
What are the interests of the US and Western Europe when it comes building adaptation capacity in Africa and Asia? The next section considers donor state interests regarding climate change, the GEF, and adaptation.

**Donor Interests**

Two issues have framed debates adaptation policy debates. The first is about the wisdom of pursuing adaptation as a policy option. The second is about the proper multilateral forum for implementing adaptation policy, and climate change policy more
generally. On the first issue donor states’ interests have evolved considerably over the past ten years toward greater complementarity between political interests and support for adaptation. On the second, there is considerable variation across donors, with larger economies tending to favor the GEF due to its close association to the World Bank, and donors with smaller economies (e.g. Denmark, Sweden, Norway) expressing a preference for the UN system.

**Adaptation versus Mitigation**

Adaptation has been slow to emerge as a legitimate policy option on the international climate change agenda. This is due in part to the preference for global benefits of mitigation made clear in the discussion of adaptation as a domestic incapacity problem above. But other factors contributed as well. In the early years of the climate change regime, many found reasons to sideline adaptation as a policy option. Kates (1997) argues that biases among climate scientists produced IPCC reports that favored mitigation over adaptation. One school of thought worried that adaptation would undermine mitigation efforts by providing a false sense of security (Kates 1997, 31-32). Vice President Al Gore made comments consistent with this view in 1992, explaining that adaptation represented a “kind of laziness, an arrogant faith in our ability to react in time to save our skins” (Pielke Jr et al. 2007, 597).

A second group believed that climate change would occur at a slow pace, allowing human and natural systems to adapt on their own and making policy-driven adaptation unnecessary (Kates 1997, 31-32). The combined effect led Thompson and Rayner (1998) to compare adaptation’s treatment among Western climate scientists with
that of sex education in schools among the religious right, “That is, both constitute ethical compromises that in any case will only encourage dangerous experimentation with the undesired behavior” (Thompson and Rayner 1998).

In the context of this debate in the 1990s it made little sense for the United States or for other donors to lobby for or agree to international adaptation policy—not only because it would not provide global benefits—but also because it would not even satisfy the environmental lobby in the Western world, which viewed adaptation as bad policy. Since then donor interests have evolved. Two issues mentioned about have propelled the shift. First, the viewpoint that adaptation is unnecessary or will detract from mitigation efforts has faded considerably (Pielke Jr et al. 2007). As it becomes clearer that the developing world will suffer climate change effects and that mitigation efforts have done little to prevent those effects, adaptation has become seen as both a more practical and a more humanitarian option. Second, as climate change effects materialize in the developing world, the demands for financial assistance is growing. To the extent that donor states place value in a global mitigation agreement (and for the Western European states this is certainly true) providing adaptation assistance will be a necessary component of any such agreement.

Which Forum?

A second interest of donor states regarding the GEF has been to maintain primary control over GEF activities. In the negotiations that led to the GEF’s founding, the primary debate surrounded the question of whether the new Facility would be located at the World Bank or with one of the UN agencies. The debate over venue was not one
primarily concerned with the relative environmental expertise or likely effectiveness of
those agencies in solving environmental problems, but rather was concerned with control.
Donor states had two main concerns. First, there was a desire to avoid a proliferation of
environmental financing mechanisms. Many anticipated that the upcoming UN
Conference on Environment in Development, to be held in Rio de Janeiro in 1992, would
lead to a proliferation of mechanisms, and donor countries wished to preempt such an
outcome by creating the GEF on their own terms (de Chazournes 2005, 193).

Second, for many donors, it was important that the World Bank be the host of the
new Facility. The reasons for this differed. Because the Bank operates based on a system
of weighted voting according to contributions, donors would maintain de facto control
over the GEF.51 In addition, the United States viewed the Facility as a temporary
mechanism which would be folded into the Bank as environmental concerns were
mainstreamed throughout its portfolio (Sjoberg 1994).

Although the placement of the Facility at the World Bank appealed to the finance
ministers in major donor states, many were skeptical of the arrangement. Nordic
countries (themselves important donors) expressed a preference for the involvement of
UN agencies. Different constituencies within governments too had concerns which led to
the tripartite arrangement with the Bank, UNDP and UNEP as implementing agencies. In
her history of the GEF’s founding, Sjoberg (1994:21) explains,

51 The GEF voting procedures were revised in 1994.
“Traditionally, the main constituency of the World Bank is among people from the finance ministries. In this case the subject brought in environment ministries and ministries of foreign affairs. People from these departments were more used to the UN system, and their preferences often differed from those of their colleagues in the finance departments. Conversations with delegations from different countries have revealed that almost without exception, they had difficulties coordinating their positions on the GEF since it required new domestic constellations. The collaborative arrangement was therefore reassuring to the different interests that existed within each delegation.”

Importantly, this tripartite arrangement was agreed upon despite concerns regarding the capacities of the World Bank and UNDP in environmental affairs. The Bank had been embroiled in several high-profile environmental disasters in the 1980s and 1990s and was far from being the darling of environmental groups. For its part, UNDP’s work had lacked an environmental emphasis, so much so that it warranted only a single passing mention in the influential Brundtland Commission Report of 1987 (Mee 2005, 228). In expressing support for the involvement of UN agencies in the GEF, both the Swedes and the Dutch expressed reservations regarding UNDP’s environmental expertise and capacity (Sjoberg 1994, 13). Though UNEP serves in theory as a coordinating body on environmental affairs in the UN system, UNEP was viewed as lacking sufficient capacity to fulfill the role as a trustee for the Facility. As the only major UN body located on the African continent, it is viewed favorably by the developing world and often with concern from donor countries (Chen 2010, 309).

Donor interests regarding control persisted as adaptation emerged as an agenda item at the UNFCCC. The majority of developing countries favor adaptation funds to be tied more closely to the COP where they wield greater influence than at the GEF (UN Regional Information Network, 2007)(Friedman 2010). In contrast, donor countries
insisted at the Marrakesh negotiations in 2001 that the newly created adaptation funds be administered by the GEF despite (or perhaps because of) its relative independence from COP guidance.

Chapter Two proposes the Donor Complementarity Hypothesis (H1): IOs will be more likely to support IO DIP mandates where their political interests are aligned with doing so. The hypothesis is built on the assumption that when it comes to solving domestic incapacity problems donor states are interested in two sets of outcomes. Donor states would prefer that IO efforts to solve incapacity problems are effective, all else equal, which requires their financial support. At the same time, donors also have political interests to satisfy which may or may not be consistent funding IO programs. It is the expectation H1 that when these interests are not aligned donors will select the behavior that satisfies their political interests and that this will come at a cost to IO performance in assisting recipient states.

Two observable implications can be drawn from the configuration of donor states interests described above. First, we would expect that donor financial support for adaptation would lag relative to support for mitigation due to variation in the scale of benefits between the two activities. Second, we would expect that support for adaptation would increase over time as donor states’ political interests have evolved toward complementarity with support for adaptation.

**Donor Financial Support for Adaptation and Mitigation**

Although the “taboo” on adaptation began to lift in the early 2000s it remains a distant second to mitigation efforts. Consistent with the expectations of H1, donor states
continue to provide greater financing for mitigation compared with adaptation. Figure 4.4 compares contributions to the GEF for mitigation and adaptation. It shows that donors have contributed funding for mitigation in an amount more than six times that of adaptation.

![GEF Funding: Mitigation versus Adaptation (in US$)](image)

Figure 5.3: GEF Mitigation and Adaptation Funding

This disparity is consistent with a recent UNDP review of its own contributions in the energy and environment sectors, which revealed that many stakeholders in developing countries “expressed the view that donors are tending to support a global environmental agenda that diverges from national environment and development agendas, especially in

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52 The World Bank and UNDP, 2011
LDCs and Small Island Developing States (SIDS)” (UNDP 2008, 38). Assuming donors have limited funds to provide to contribute to multilateral efforts, the preference for mitigation comes at a cost to adaptation. This preference for mitigation can also be seen in how donors supply financial contributions to the GEF adaptation funds relative to the larger GEF Trust Fund. Funding for adaptation is provided on a voluntary basis whereas the GEF Trust Fund is replenished every four years through a negotiation process that takes the ‘responsibilities and capabilities’ of donors into account” (Transparency International 2011, 224). The latter comes with some sense of obligation, while the former remains optional.

While we would expect that adaptation financing remains lower than funds committed to adaptation, given the increasing complementarity of donors’ political interests and support for the adaptation mandate, we would also expect adaptation financing to be growing over time. Figure 5.4 shows the total growth in donor pledges to the LDCF since its 2001 founding along with the number of countries contributing to the fund. Since 2004 the number of donors has grown from 13 to 23. The United States did not join the group of donors until the 2009-10 period. This corresponds with the election of Barack Obama as the new US President and a new Democratic administration that wanted to distance itself from the positions on climate change staked out by the previous administration. We also see a considerable increase in pledges as pressure for a new global climate change agreement builds.
Effects of Donor Behavior on IO Interests

How have funding decisions by donor states affected the interests of actors inside the GEF? Donors have provided the GEF with two sets of incentives. In the first, there is a clear incentive for actors inside the GEF to “go green.” The creation of the GEF came at a time when OECD contributions to both UNEP and UNDP were in decline and the World Bank faced limitations to growth in its lending (OPS2, 94). The GEF presented an opportunity to increase financial revenues during a period of declining core budgets (Mee 2005, 240). In the UNDP case the desire for new funds is particularly clear. The GEF, in combination with newly available funds associated with the Montreal Protocol and ‘Capacity 21’ amounted to more than US $150 million, or three times the core funding of

Sources compiled from: GEF 2004b, South Center 2008, 8-11, GEF 2010c; Climate Funds Update 2011.
the autonomous programs at UNDP and the regular budget of UNDP amounted to just $920 million at the time (Murphy 2006, 271). Based on these considerations, we would expect that the GEF implementing agencies would shift activities toward the environment and work to green their portfolios to make use of the substantial funding made available for environmental purposes.

Incentives provided by donor states in the specific case of adaptation are less clear. To date, the Least Developed Countries Fund is the largest of UN FCCC funds dedicated to strictly to adaptation but total contributions come to just over $250 million (GEF 2011c, 4). Increasing financial support for adaptation over the past five years indicates it could represent a substantial pot of money in the future, but the extent of that growth remains to be seen. In other words, it is not yet clear that donor states are willing to reward IOs for investing in adaptation activities.

**GEF Support for the Environment and Adaptation**

As the Cold War waned and environmental issues leapt onto the international policy agenda in the 1980s and early 1990s, the three IOs that would become GEF implementing agencies vied for prominence on environmental agenda. Indeed, the run-up to the GEF’s founding saw the would-be IAs each competing to house the new Facility. In 1988 the World Resources Institute joined forces with UNDP to launch a study to explore the feasibility of different financing needs and options in the environmental arena. Though the study ended rather quietly, it served as an impetus for the involvement of other IOs. Sjoberg (1994, 7) writes that when UNDP started to show interest in the issue, some staff members at the World Bank argued it would also be appropriate for the
Bank “to embark on a more ambitious program.” Though some within the Bank were more passive due to concerns that an environmental emphasis would detract from more traditional development concerns, others sought quick action. The head of the Environment Department argued that the Bank could quickly lose out on funding, noting “there is already some jockeying by UNDP and others around the possible mechanism to administer new funds” (Sjoberg 1994, 10). UNDP promoted the idea of a special fund for sustainable development, marketing their proposal as a natural extension of their own work. In the end, a French proposal backed with cash and in support of the World Bank won out over others. As one account by UNDP staff puts it, “one day we were in the driver’s seat, the next we were happy to ride in the back” (Sjoberg 1994, 14).

Chapter Two outlines the resources of IOs as actors when solving domestic incapacity problems, which include the budgetary powers and knowledge and informational resources. In adaptation funding, formal budget power is very limited. Unlike the UN agencies, the LDCF is funded entirely by voluntary contributions, and there are no mandatory assessments. When donor states contribute funding to the LDCF it is to be disbursed for very specific purposes: The identification of priority adaptation projects and the implementation of proposed projects. Donor states even have the opportunity to approve or disapprove of specific projects and determine whether they will be implemented by virtue of their seat on the GEF Council.

As implementing agencies, the World Bank, UNDP, and UNEP possess informal budgetary power insofar as once funds are distributed to them they have opportunity to use them for unintended purposes. However, to the extent concerns about the appropriate
use of funds by the IAs exist, they are not discussed in evaluations of the GEF or LDCF. It appears rather that resources have been distributed appropriately. As of October 2010, NAPA documents have been completed and approved by 44 states (UNFCCC 2010b). UNDP has served as the IA for 29 LDCs, followed by UNEP (13) and the World Bank (2). Table 5.2 provides a list of countries with completed NAPA documents organized by the relevant IA.

<table>
<thead>
<tr>
<th>GEF Agency</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDP</td>
<td>Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Chad, DR of Congo, Eritrea, Ethiopia, Guinea, Guinea Bissau, Kiribati, Lao, Malawi, Maldives, Mali, Mozambique, Niger, Samoa, Sierra Leone, Solomon Island, Sudan, Togo, Tuvalu, Vanuatu, Yemen, Zambia</td>
</tr>
<tr>
<td>UNEP</td>
<td>Afghanistan, Comoros, Central Africa Republic, Djibouti, The Gambia, Haiti, Lesotho, Liberia, Mauritania, Rwanda, Senegal, Uganda, Tanzania</td>
</tr>
<tr>
<td>World Bank</td>
<td>Madagascar, Sao Tome and Principe</td>
</tr>
</tbody>
</table>

Table 5.2: Completed NAPAs by GEF agency

The role of the implementing agencies in the first stage of NAPA development is small relative to their role in the second phase of project implementation. In the second phase recipient countries work with one of the implementing agencies to flesh out the design of individual projects identified in the NAPA document. They then submit these

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54 There are concerns about the appropriate use of finances once they reach LDCs. A recent report by Transparency International (TI) points out that the countries expected to be hit the hardest by climate change score very low on the TI Corruption Perception Index (Transparency International 2011).

55 UNFCCC 2010b.
projects through the GEF system (see Figure 5.1 above). In this phase two issues have arisen. The first is that the IAs often do not have the expertise necessary to assist recipient states in the design and implementation of NAPA projects and second, actors inside the GEF—the implementing agencies, but also the GEF Secretariat—have failed to collaborate in ways that would serve the mandate. I detail these shortcomings below.

A major limitation of the NAPA process has been the lack of expertise of the IAs assigned to assist with preparation and implementation of NAPA projects. The World Bank and UNDP do not serve primarily environmental mandates and there is considerable concern that they do not possess the necessary expertise to design or implement adaptation projects. In an evaluation of the LDCF conducted by UNDP, interviews with national stakeholders revealed significant concern regarding the adaptation knowledge of UNDP country office staff responsible for assisting in project implementation (UNDP 2009, 32). These concerns were equally shared by UNDP staff at headquarters and regional offices.

Speaking on behalf of the LDCs in 2008, Lesotho noted a lack of adequate capacity among implementing agencies as an obstacle to project implementation (UNFCCC Subsidiary Body for Implementation 2010, 31). IA staff were unable to provide timely feedback on NAPA project proposals to LDC officials (UNFCCC Subsidiary Body for Implementation 2010, 21). LDC officials and NGO representatives noted that while some IA staff working at the local level were strong contributors to the process, others were fairly inexperienced in the area of climate change (GEF 2005, 56).
In theory the three GEF IAs are expected to operate according to a loose division of labor in which UNEP provides technical expertise, UNDP makes use of its extensive network of country offices and on-the-ground support, and the World Bank specializes in investment and mobilizing funds (GEF 1999). But in the case of adaptation the three agencies are often engaged in identical tasks. Indeed, the complex system of governance has served to complicate, confuse, and hamper the implementation of adaptation efforts.

One problem involves the division of labor across agencies. GEF documents instruct the IAs to perform according to an “efficient division of labor that maximizes the synergy among them and recognizes their terms of reference and comparative advantages” (GEF 2004a, 35). The GEF Instrument envisions a division of labor in which UNDP is the primary agency for capacity-building at the country-level.56 This assignment reflects UNDP’s widespread presence on the ground in the developing world through its 112 country offices. UNEP’s role is to catalyze “the development of scientific and technical analysis” and to “advance environmental management in GEF-financed activities” (GEF 2004a, 36). Finally, the World Bank is directed to ensure the development and management of investment projects and to mobilize funds for projects consistent with GEF objectives. Negotiations left out question of how the IAs should collaborate or implement the envisioned division of labor in practice (Sjoberg 1994, 35).

This brings us to a second shortcoming of the GEF: the failure to coordinate across agencies. Consistent with critical assessments of joint UN-World Bank efforts in other contexts, LDCs have consistently complained that inconsistencies in rules and

56 The GEF Instrument refers to the official document outlining the purpose and function of the GEF and its agencies.
procedures across GEF agencies cause delays and confusion and provide a barrier to project implementation (Friedman 2010). These criticisms come from a strikingly wide range of sources. In interviews and through formal statements made to the GEF and UNFCCC, LDCs have expressed their frustration in attempts to access adaptation funds. The GEF Evaluation Office lends legitimacy to these complaints in a series of Overall Performance Studies which call for greater clarity in the roles of the IAs and the harmonization of procedures to ease access to funds. For their part, the IAs agree that procedures should be streamlined to prevent delay, though none is quick to forgo their own preferred methods. Table 5.3 provides examples of criticisms from LDCs, the GEF, and the IAs regarding how inconsistencies and poor coordination inhibit LDC access.

Some statements in Table 5.3 can be characterized as instances of vertical fragmentation, or conflicts occurring between actors at different levels of the GEF hierarchy. Mauritania and Benin complain of inconsistencies and a lack of coordination between the GEF Secretariat and the IAs which have caused delays in the project approval and implementation process. A joint statement by the three IAs is consistent with LDC concerns: they complain that the GEF Secretariat is introducing undue complexity into the approval process. Other coordination problems can be characterized as horizontal or occurring between the three IAs operating at the same level of the organizational hierarchy. Speaking at the Fourth GEF Assembly, the LDCs noted that the IA approaches to project design were not coordinated. The GEF Evaluation Office offers a summary conclusion: that the complexity and structure of the LDCF has hampered LDC understanding of how the fund works.

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<table>
<thead>
<tr>
<th>Country</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauritania</td>
<td>“many interviewees [in Mauritania] deplored the apparent lack of coordination between UNEP, GEF and the Agencies, citing inconsistencies and frequent changes in policies, rules and procedures” (UNEP 2007c, 4).</td>
</tr>
<tr>
<td>Benin</td>
<td>“…differences in national procedures and those of GEF and UNDP that have caused delays in carrying out certain activities deserve to be taken into account as potential risks in the formulation and implementation of NAPA projects” (UNFCCC 2010a, 12).</td>
</tr>
<tr>
<td>Nepal</td>
<td>“Defining the roles and responsibilities of partners would reduce stress and produce better result. For example, Nepal designated the GEF IA for NAPA in 2002 and sent its NAPA preparation proposal in January 2007. The Government and GEF IA entered into an agreement about NAPA project in November 2008 and fund was disbursed in May 2009. Development of a formal mechanism for communication about the status of request and support form LDCF might be useful” (UNFCCC 2010a, 46).</td>
</tr>
<tr>
<td>LDCs At 4th GEF Assembly</td>
<td>“Many developing countries emphasized problems with the GEF project cycle, including uncoordinated approaches to project design by different implementing agencies (...) Several delegates also highlighted the need for GEF partners to speak with one voice regarding project definition and approval processes (...) Angola underscored that there is no clear leadership among the GEF partnership, so agencies conflict when developing projects on which process to follow.&quot; (GEF 2010a).</td>
</tr>
<tr>
<td>GEF Evaluation Office</td>
<td>“The complexity of the structure and procedures of the LDCF (the sum of all the parts) has hampered their [the LDCs] understanding of the workings of the fund” (GEF 2010b, 89).</td>
</tr>
<tr>
<td>UNDP, UNEP &amp; World Bank</td>
<td>“…there was strong agreement on the need for further simplification and streamlining of project preparation and approval processes, as well as for enhanced responsiveness to recipient countries. Concerns raised by countries about delays and responsiveness of the Implementing Agencies, and by the Implementing Agencies about complexities introduced by the Secretariat staff, must be addressed head on” (GEF 2000, 2).</td>
</tr>
</tbody>
</table>

Table 5.3: Statements regarding poor coordination across GEF agencies
In combination, the lack of expertise and coordination has delayed the NAPA implementation process. Following NAPA completion, it has taken an average of one year and four months (450 days) for priority projects identified in the NAPAs to be approved by the LDCF, 320 days for the country and IA to prepare a project proposal to be submitted to the GEF, 100 days for the project to be CEO endorsed, and 30 days for the project to be approved by the GEF Council (GEF 2010b). This amounts to about two and a half years for each project proposal to begin the implementation. One result is that only a small proportion of proposed projects have reached the implementation stage.

Recipient countries have repeatedly raised concerns regarding the slow pace of the NAPA process. During its tenure as representative for the LDC Group, The Maldives articulated the problem clearly: “The LDCs Group wishes to register its dissatisfaction on the speed at which the whole process of preparation has moved, and more so with the slow speed in arriving at implementation of projects on the ground, despite the fact that all countries followed the NAPA guidelines and, as required, integrated the NAPAs with national planning and development frameworks” (UNFCCC 2008, 4). Other LDCs present at the UNFCCC meeting, notably, Rwanda, Kiribati, and Malawi, registered similar concerns. Philip Weech, director of the Bahamas Environment Science and Technology Commission cited frequent frustrations in securing funding through the GEF. “You jump through one hoop after another hoop, and then sometimes you have to start all over again,” Weech said of trying to get dollars for climate protection and biodiversity. “We can give you some very long horror stories.” (Friedman 2010).
Some might argue that LDCs’ assessment involves an inevitable bias since all
countries would prefer to receive aid faster. In this case, however, the criticisms of LDCs
have been shared by outside evaluators and even the IAs themselves. As early as 2000, a
meeting of the heads of the World Bank, UNDP and UNEP to discuss the NAPA process
concluded that it required simplification and streamlining and increased responsiveness to
LDC needs (GEF 2000, 2). Little improvement has occurred since that time. In 2010 the
IAs registered the same concerns, noting that the GEF process takes too long and has
high transaction costs (GEF 2010b, 190). A 2009 evaluation by the Danish Foreign Aid
Agency concurred, determining that the structure of the LDCF system must be changed
to expedite access to funds (DANIDA and GEF Evaluation Office 2009, 15).

Explaining IA Behavior in Adaptation

What explains the behavior of the implementing agencies in response to
adaptation? On the one hand, the World Bank, UNDP, and UNEP appear eager to serve
as implementing agencies for adaptation projects. On the other, they do not appear to be
prioritizing their adaptation mandate: they continue to lack expertise in climate change
adaptation and are unwilling to coordinate with other GEF actors to improve access for
recipient states. The explanation offered here is twofold. First, the behavior of IAs can be
viewed as responsive to incentives provided by donor states. The IAs are happy to access
funds from the LDCF, but those funds are not enough to compel them to invest
significantly in expertise necessary to improve their competence in assisting recipient
states. Second, competition across GEF actors influences behavior in interesting ways.
Competitive pressures prevent the IAs from getting out of the adaptation business for fear
of losing access to funds relative to other actors. But those same competitive pressures also prevent the IAs from doing their job better, by impeding collaboration and coordination. This section examines the presence of horizontal and vertical fragmentation and how it influences the behavior of the Bank, UNDP, UNEP and the GEF Secretariat.

*Horizontal Fragmentation: The UN and the Bretton Woods Institutions*

The GEF system is intimately linked to both the Bretton Woods institutions and the UN system. Over the years many have commented on the distinctive qualities that separate the two sets of institutions. UN agencies typically have need-based allocation systems while the international financial institutions (including the World Bank) use some combination of performance and need (GEF 2009a, 8). Finance ministers reign supreme at the Bank and IMF, while foreign ministers are the movers and shakers at the UN (NORAD 2007, 75). The Bank’s preference is to work with governments while UN agencies at times prefer to deal directly with citizens and local groups (O'Donnell 2005, 10). And though there are surely exceptions, the developing world prefers the UN system while wealthy donor countries prefer the Bank (Biermann 2000, 24).

When the Bank and the UN have had occasion to work together, things have not always gone smoothly. In the context of fragile states, joint efforts face administrative problems as a result of vastly different internal procedures (Governance and Social Development Resource Centre 2010, 28). De Soto and Graciana (1994) sharpen the point by describing joint UN-Bank efforts in post-conflict assistance as “two doctors operating on a patient with a curtain down the middle” (de Soto and Castillo 1994).
The GEF provides the latest manifestation of conflict between the Bank and UN agencies. The relationship between the two is fraught with a set of problems discussed above and there is a perception that divergent cultures or priorities prevent collaboration. It has been suggested that UNDP is reluctant to collaborate more with the Bank due to a concern that its reputation with developing countries will be injured (Biermann and Bauer, 2004). In practice, the success of collaboration often hinges on the strength of the relationship between individual staff members. Bank leadership has noted the importance of sending staffers able to speak the same language as the UN. One Bank Director writes that, “If I sent a University of Chicago type, there would have been an immediate clash, you need people sensitive to political aspects, history, as well as the economic side, good generalists” (de Soto and Castillo 1994, 5).

Although it is argued that the GEF gave rise to new perspectives on cooperation between the Bretton Woods institutions and the UN (Boisson de Chazournes 1999, 244), achieving clarity in the roles of the various GEF agencies and encouraging fruitful collaboration has always been a struggle. The reasons for this are twofold. First, there has been significant competition between the agencies for access to GEF funds. A UNDP report on their own contributions in environment and energy commented that there were strong incentives for UNDP staff to maximize their share of GEF resources relative to the other agencies which frequently led to competition with the World Bank and UNEP (UNDP 2008, viii). Between UNDP and UNEP, competition for GEF funding is particularly strong and UNDP has been concerned with UNEP’s entry into country-level work, long regarded as a UNDP specialty (UNDP 2008, 15, 74).
This competition not only leads IAs to propose projects with components that fall outside their area of expertise, it also provides incentives against joint projects between agencies. This is particularly problematic in the adaptation case, where on-the-ground development, scientific expertise, and the mobilization of resources are all critical to effectiveness of individual projects. Joint implementation is not without precedent but it remains the exception rather than the rule. The first obstacle is strictly financial. Joint implementation means that agencies share management fees. In small projects this provides an incentive against working together (Mee 2005, 240).

The second set of concerns is more complex. UNDP and UNEP have both been at the center of a debate surrounding the creation of a world environmental organization that might involve the integration of the two UN Programs (Biermann 2000; Simonis 2002). Given the smaller staff and budget of UNEP, there is concern that the environmental focus would actually become secondary in an integration of the two agencies (Biermann and Bauer 2004). Former UNDP Administrator James Gustave Speth spoke out in favor of a World Environmental Organization, but against the amalgamation of the two UN programs (Simonis 2002). For two organizations eager to maintain independence, joint operations look like a step in the wrong direction.

**Vertical Conflict and Competition**

Vertical coordination problems and finger-pointing are increasingly common between the GEF Secretariat and the IAs. Both groups have complained on the record to GEF Evaluators of the others’ efforts during the project development phase (GEF 2010b, 188). As a group, the IAs find considerable fault for delays with the GEF’s centralized
approach to project approval. The Fourth Overall Performance Assessment Report noted that “the record shows that for non-GEF-financed activities, they [the IAs] can provide support in a faster and more responsive manner. They feel strongly that the Agencies should be allowed to use their own project cycles and approval procedures” (GEF 2010b, 190).

This struggle has plagued the GEF for some time. The Evaluation Department played peacemaker in a 2002 evaluation, granting that although the IAs should continue to be responsible for project implementation, they “must be open to, and appreciate, the strategic and practical value of an active GEF Secretariat…” (GEF 2002, 104). While the IAs call for a the Secretariat’s role to be reduced, others suggest cutting out IAs from the process and devising ways for developing countries to access funds directly from the Secretariat (Friedman 2010). This prospect has led the IAs to regularly defend their turf against the encroachment of the Secretariat (e.g. (GEF 2009b, 2010b)) and complain of a lack of influence on the GEF Council where they have a voice but no vote (GEF 2010b, 189). Consistent with vertical competition with the Secretariat, there is a widespread tendency for the IAs to emphasize their own role in project development and implementation with recipient countries while failing to mention any role of the GEF, leading the latter to complain of their low visibility on the ground (GEF 2002, 102). These vertical tensions have created a situation which undermines GEF performance (GEF 2010b, 22).
Joint Effect on the Adaptation Mandate

How has the behavior of donor states and GEF actors combined to influence performance in building developing countries’ adaptation capacity? Early in the chapter adaptation capacity was defined as including both knowledge and concrete action. The GEF has performed relatively well in building developing country knowledge, at least based on a counterfactual metric. Recipient states indicate that they are better off than they would have been prior to the NAPA process taking place.

There is considerable evidence in this regard. When the country of Lesotho spoke on behalf of the LDCs on the usefulness of the NAPA process, it began with a favorable assessment: “Preparation of NAPAs has played a crucial role in elevating the level of awareness and creating buy-in and ownership of climate change issues among various stakeholders at the local and national policy levels. Engagement of national stakeholders has dramatically built the capacity of climate change practitioners in LDCs” (UNFCCC Subsidiary Body for Implementation 2010, 30).

Prior to the NAPA process, adaptive capacity among LDCs was very low relative to other groups of states (LDC Expert Group (LEG) 2002, 1), but it was not uniform. In some LDCs, implementing agencies note relatively high levels of pre-existing adaptation knowledge (e.g. Mauritania, Senegal), while in others knowledge was very limited (e.g. Djibouti, Comoros) (UNEP 2007c, 2-3; 2007a, 2). Evaluations provide evidence that the NAPA process improved levels of capacity in absolute terms across LDCs, regardless of their initial baseline. Table 4.8 provides statements regarding capacity building across LDCs where UNEP was the implementing agency. With regard to Mauritania, UNEP
notes that the NAPA was built “on a pre-existing body of knowledge and expertise” but that stakeholders testified that the process led them to consider new and better ways of analyzing issues and to consider links between adaptation and development (2-3). In contrast, Comoros provides a case of low levels of pre-NAPA capacity. Evaluators note new knowledge was produced during NAPA preparation, however significant gaps remain and capacity building remains in a nascent stage (UNEP 2007b, 1).

Table 5.4 provides examples of improved capacity in the area of knowledge of climate change vulnerabilities. Scientific and technical knowledge is improved in Rwanda, Tanzania and Senegal, new coping mechanisms and strategies to adapt are considered in Uganda and Mauritania, and an improved awareness of climate change effects resulted in Lesotho. Technical assessments of vulnerabilities also occurred during the NAPA preparation process. Niger conducted a survey in preparation of the NAPA to determine observed changes in rainfall over time. The analysis observed a downward trend in rainfall based on data from 59 stations, from 1961 to 2004. Based on the demonstrated need, stakeholders were able to better identify adaptation measures (Republic of Niger 2009, 85).
<table>
<thead>
<tr>
<th>Country</th>
<th>Statements on Capacity Building</th>
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<tbody>
<tr>
<td>Mauritania</td>
<td>“most interviewed stake holders testified that the multidisciplinarity of the NAPA exercise and of the NAPA team fostered new and better ways of analyzing existing issues” (2-3).</td>
</tr>
<tr>
<td>Senegal</td>
<td>“it did enable participants to identify gaps and needs in the areas of science, research, data and information, as well as some enforcement and monitoring capacity that may need to be addressed in the long term. The consultative process was found to be highly beneficial to inform adaptation strategies and to deepen the understanding of vulnerability in the various regions (2).”</td>
</tr>
<tr>
<td>Djibouti</td>
<td>” It can be said that the continuum created by the 1st National Communication, the NAPA and the subsequent 2nd National Communication has – and is – contributing to creating increased capacity among a small cadre of national experts and administrations” (1)</td>
</tr>
<tr>
<td>Comoros</td>
<td>&quot;...the Comorian NAPA presents a good overview of the major issues affecting the country in relation to climate change and appears to have provided an opportunity to build capacity at an individual level among project participants. Some new knowledge was generated through the development of new studies designed to fill gaps in information, but there remains significant needs in terms of climate information&quot; (1).</td>
</tr>
<tr>
<td>Tanzania</td>
<td>&quot;.. this wide inclusive process created opportunities for learning about climate change among participants. The NAPA process was seen as creating new knowledge and understanding in these institutions, resulting in capacity building, therefore enhancing the prospects for NAPA implementation&quot; (2).</td>
</tr>
<tr>
<td>Liberia</td>
<td>“There is evidence that some capacity was built through training of key stakeholders and project participants...” (1).</td>
</tr>
<tr>
<td>Uganda</td>
<td>&quot;It was believed that the NAPA created new knowledge, both personally and institutionally. Interview respondents also felt that the NAPA process created a “cadre of expertise” on climate change in the country on which it would be possible to build future initiatives&quot; (2).</td>
</tr>
<tr>
<td>Lesotho</td>
<td>“The main outcome of the consultation process was increased awareness of climate change, the NAPA process, adaptation needs and adaptation projects.3 There was evidence that among project stakeholders, understanding of climate change had been dramatically increased” (5)</td>
</tr>
<tr>
<td>Rwanda</td>
<td>&quot;In terms of capacity building, the NAPA proved to be a beneficial exercise for most of those involved, with the acquisition of better technical knowledge quoted most often as the main achievement. (2).</td>
</tr>
</tbody>
</table>

Table 5.4: Statements on Capacity Building from LDCs
GEF performance has been considerably weaker when it comes to supporting LDC actions to adapt. As this Chapter details, the implementation of projects has been slow and the absence of proper expertise at the implementing agencies to assist LDCs is similarly problematic. Critical observers argue that the NAPA process is entirely inadequate as it stands arguing that NAPAs merely amount to a list of needs without the necessary contemplation of required financing or implementation (Agrawal et al. 2009; Kurz et al. 2009, 2). This produces skepticism regarding whether newly built knowledge will translate into actual actions to ease the effects of climate change.

**Conclusion and Policy Implications**

This chapter argues that low levels of funding for adaptation can be explained as a result of donors’ political interests being more closely aligned with support for mitigation policies than adaptation. This is consistent with the expectations of the Donor Complementarity Hypothesis (H1). The analysis of donor incentives and resulting behavior demonstrates the obstacle to implementing adaptation efforts in the developing world on a large scale. Voluntary funding mechanisms like the LDCF are unlikely to receive financial support commensurate with need in developing countries. Mechanisms with alternative funding sources, such as the new Adaptation Fund which is financed by a 2% levy on the Clean Development Mechanism (CDM) might prove more successful.

The Chapter also reaffirms the importance of a careful consideration of IO interests in explanation of IO performance. In the LDCF case, the insular interests of individual IAs sometimes competes with a concern for achieving effective outcomes in
recipient states. IAs propose projects to access funds even in cases where they lack expertise to implement projects and sometimes in cases where another IA might be better equipped to do so. The ability of IOs to coordinate their efforts is relevant today as multiple organizations often find themselves working side by side in the same country. The experience of the GEF provides insight into the obstacles to coordination as well as how those obstacles might be overcome.

Finally, the delays and confusion faced by developing country recipients as they apply for LDCF funds can only be explained when we look at fragmentation inside the GEF collective agent. If the GEF were treated as a unitary actor, these critical differences would be overlooked in the analysis. The case further demonstrates the importance of treating IOs as plural actors in the context of domestic incapacity problems.

How might future institutions be designed to avoid the pitfalls that have hampered GEF adaptation efforts? The Chapter’s findings provide three useful lessons. First, institutional designs should empower actors which have an interest in solving domestic incapacity problems. This will most likely reduce the power of donor states in institutions and IOs in adaptation. Institutional designs which privilege donor states in decision making are likely to continue to fund mitigation and much higher levels than adaptation since they do not benefit from the latter. An alternative is to empower recipient states that do stand to benefit from adaptation. This alternative is institutionalized in the new Adaptation Fund (AF) which operates under the direct authority of the Kyoto Protocol governing body in stark contrast to the loose tie between the COP and the GEF. The Adaptation Fund’s Board (Table 5.5) is composed of two representatives from each of the
five UN regional groups, two representatives from Annex-I and Annex-II parties of the Kyoto Protocol, and one representative from Small Island Developing States and Least Developed Countries (two groups particularly vulnerable to climate change effects) (Adaptation Fund 2011b).

<table>
<thead>
<tr>
<th>Current Representative</th>
<th>Constituency</th>
</tr>
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<tbody>
<tr>
<td>Senegal</td>
<td>Africa</td>
</tr>
<tr>
<td>South Africa</td>
<td>Africa</td>
</tr>
<tr>
<td>China</td>
<td>Asia</td>
</tr>
<tr>
<td>Qatar</td>
<td>Asia</td>
</tr>
<tr>
<td>Poland</td>
<td>Eastern Europe</td>
</tr>
<tr>
<td>Georgia</td>
<td>Eastern Europe</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Latin America and the Caribbean</td>
</tr>
<tr>
<td>Uruguay</td>
<td>Latin America and the Caribbean</td>
</tr>
<tr>
<td>Norway</td>
<td>Western European and Others Group</td>
</tr>
<tr>
<td>Sweden</td>
<td>Western European and Others Group</td>
</tr>
<tr>
<td>Fiji</td>
<td>Small Island Developing States</td>
</tr>
<tr>
<td>United Republic of Tanzania</td>
<td>Least-Developed Countries</td>
</tr>
<tr>
<td>France</td>
<td>Annex I Parties</td>
</tr>
<tr>
<td>Spain</td>
<td>Annex I Parties</td>
</tr>
<tr>
<td>Colombia</td>
<td>Non-Annex I Parties</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Non-Annex I Parties</td>
</tr>
</tbody>
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Table 5.5: Adaptation Fund Board Constituencies and Current Representatives

In its decision making the Board seeks consensus whenever possible but in situations where consensus is unattainable, decisions can be approved with a 2/3 majority vote operating on a one member, one vote principle (UNFCCC 2007). It is too early to judge the achievements of the AF as it has only recently become operational. An

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57 Adaptation Fund 2011b
implication of the dissertation is that the AF will be a more effective mechanism to address adaptation needs in developing countries relative to GEF structures by mitigating problems caused by donors’ political interests.

The problem of donors’ political interests will not go away entirely so long as donors supply voluntary funds to adaptation institutions. This brings us to a second insight of the analysis: alternative channels of funding are necessary to produce more effective adaptation efforts. Many IOs agencies operate using a “regular budget” which includes mandatory funds its members are required to supply as well as “extra-budgetary resources” which are supplied on a voluntary basis. In contrast, GEF adaptation funds are replenished entirely on a voluntary basis. This makes the LDCF particularly vulnerable to the donors’ political interests since donors lack a formal obligation to contribute making it easy to choose political interests over those severed by adaptation efforts. Funding cuts not only threaten short term effectiveness, but uncertainty regarding future funding also undermines IO organizational interests and long term planning. The obvious solution, making adaptation contributions mandatory, is unlikely to be politically feasible. A number of potential alternatives are possible. The AF financing mechanism mentioned above offers a model in which developed countries provide funding—but do so indirectly through a levy on Certified Emission Reduction (CERs) issued for Clean Development Mechanism projects (Adaptation Fund 2011a). A second proposed approach involves an air travel tax where a small fee is paid on all international flights is channeled to fund adaptation efforts (Chambwera and Benito 2008). Either option (particularly the latter)
would provide funding at higher levels and make it more predictable than GEF adaptation funds.

The Chapter’s findings also make clear that donors are *not* to be blamed for all of the limits to current adaptation efforts. Indeed, much of the problem is caused by cash-strapped and jealous IO bureaucracies. The expertise issue could be addressed by implementing a certification system for IAs (or their equivalent in a new funding scheme) based on a set of requirements such as staffing climate change experts at local offices. Because access to additional funds is highly desirable, the COP, GEF, or other forums should have sufficient leverage to require such expertise in order to access funds. This leverage should also be sufficient to require IAs to harmonize operating procedures with those of the relevant institution (e.g. COP or GEF) in order to access funds. This would lessen delays and avoid confusion that currently plagues GEF adaptation efforts. A complementary option would open the field to allow state governments or other domestic groups to implement adaptation projects if they meet the relevant expertise requirements. Doing so would cut out a substantial layer of bureaucracy without forgoing critical expertise and would likely produce more efficient and effective adaptation efforts.
Chapter Six: Conclusion

This dissertation began with the empirical observation that international organizations have become increasingly involved in trying to solve the domestic incapacity problems of developing states. It followed with a theoretical observation: that the traditional conception of IOs as facilitators of interstate cooperation did not capture this prominent and growing facet of IO activity. Why is this mismatch between the theory and practice of IOs problematic? The argument made here is that the incentive structure common to domestic incapacity problems is distinct from those of standard IR collaboration and coordination games used to explain interstate cooperation. There are two reasons for this. The first is that IO efforts to solve domestic incapacity problems are funded by one group of states to target another. Donor states themselves are not much affected by the IO effort. For example, the benefits of a recent UN project to rehabilitate roads and bridges in Liberia are meant to be useful to Liberian citizens and farmers rather than to the Swiss government that funded them.

The second reason is that in the context of domestic incapacity problems, IOs are hardly empty vessels. Indeed, they are not even simple ones subject to easy manipulation by states as rationalist accounts often suggest (Koremenos et al. 2001). IOs are strategic but complex actors. Just as forays into domestic politics reveal why state behavior often deviates from the expectations associated with a unitary actor assumption (Schweller 2004; Martin 2000; Milner 1991), so too does a look inside IO bureaucracy reveal
how the interests of its disparate parts can obstruct coherent policy choices. It follows
that these disparate parts affect the interaction between an IO and its member states.
Internal conflict is likely to yield a less faithful IO agent.

The mandated aim of IO efforts in developing states is to actually alleviate—or
more ambitiously to solve—domestic incapacity problems. To do so it is clear that
support is required from donor states, whose cash is difficult to replace, and from IO
staff, whose competence is equally necessary. But the dissertation reveals that along the
path to strong IO performance there are many side roads where actors might easily go
astray. The political interests of donor states intervene to prevent adequate funding. IO
reliance on external funding leads them to invest in faddish development efforts rather
than addressing the needs of recipients on the ground (Annan 2006, Paragraph 78).
Squabbling among IO departments prevents the cooperation necessary to design and
implement programs that are useful to developing states.

Chapter Two outlined the resources that donor states and IOs can (if properly
motivated and able) bring to bear in solving domestic incapacity problems. It then asked
the question, when will donor states and IOs support DIP mandates by supplying their
respective resources? Two Hypotheses followed. The first is aimed at explaining donor
state behavior in the context of DIPs and the second provides expectations about IO
behavior. H2 makes clear the main thrust of the dissertation’s argument regarding IO
performance in solving domestic incapacity problems: Explanations are likely to be
incomplete without proper consideration of internal IO politics and external incentives
provided by donor states. In what follows, I provide a comparison of the World Health
Organization (WHO) and Global Environmental Facility (GEF) cases in Chapters Three, Four, and Five and summarize the findings. The second section provides the implications for IR theory and for understanding the role of IOs in international politics. The third section discusses challenges to IO performance in solving domestic incapacity problems in light of the dissertation’s findings. A fourth section concludes with a discussion of the project’s limitations and prospects for future research.

**Donor States, Political Interests, and Domestic Incapacity Problems**

When looking at a list of an IO’s top financial contributors, one usually finds a familiar group. A handful of the membership, inevitably led by the United States, Japan, or a Western European country, provides the majority of funding for most IOs. The tally of states making significant contributions (e.g. Denmark, Sweden, and the Netherlands) is only slightly longer; they can typically be counted on two hands. When will donor states finance IOs to fund domestic incapacity problems? The argument made in Chapter Two is that the political interests of donor states loom large in answering that question. The Donor Complementarity Hypothesis (H1) expects that donor states will only provide financial support when their political interests are complementary with support for a mandate. One observable implication of H1 is that donors should provide higher levels of support to capacity building efforts expected to produce global benefits as opposed to local ones.

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58 This is sometimes true even for regional organizations outside of Europe and North America. For example, around sixty-percent of the African Union budget is provided by the EU countries, the United States, and China (The Economist 2011b).
Chapters Four and Five both provided a test of H1 by comparing donor financial support between global and local mandates and in both cases evidence supports the hypothesis. At the World Health Organization, voluntary resources earmarked for use by donors went disproportionately to WHO mandates associated with global benefits. Earmarks by donors to prevent the spread of communicable disease—a problem that can easily expand from domestic to global—far outpaced those for health systems development. Patterns of support at the Global Environmental Facility were similar. Donor states provide higher levels of support for capacity building aimed at mitigation and less when the goal was adaptation. The latter typically produces only local benefits, while the former contributes to global emissions reductions.

Chapter Three’s test of H1 demonstrates how financial support can drop when donor states hold conflicting political interests. Many aspects of the WHO’s primary health care approach did not sit well with the United States, for example its use of methods associated with communist and socialist political philosophies. As a result the US took action to limit WHO autonomy by cutting financial support and empowering other IOs in global health. Chapter Three also provided an instance of variation in political interests across donors. When the WHO was under sharp criticism in the early 1990s, Japan continued to provide political support because one of its own nationals, Dr. Hiroshi Nakajima, was serving as Director-General.

Evidence in support of the Donor Complementarity Hypothesis is not exactly surprising. When donor states do not stand to be injured by withholding financial support for DIP mandates, it makes little sense that they would override their own political
interests to do so. Although not counterintuitive, confirmatory evidence comes with important practical and political implications. In letting political interests hold sway over support for domestic incapacity problems, donors inhibit IO performance in obvious ways: for example, by inhibiting planning and reducing the scale of IO efforts. But donor state decisions also affect IO interests. If an IO’s primary financiers demonstrate a lack of commitment to solving domestic incapacity problems, why should IO staff—who rely on donor states for their budget and status in the international community—choose to prioritize those efforts?

**IO Interests and Incentives**

In theory international organizations are accountable to all of their member states. But in practice, they are more accountable to some than to others. In the same week that current UN Secretary-General Ban Ki-Moon was unanimously elected to a second five-year term by the General Assembly, he also found himself defending the UN’s budget to the United States and Japan, the UN’s two largest funders. If it is true that IOs must keep their largest shareholders (relatively) happy, it makes sense to think they will invest resources in areas most valued by donor states. This poses a problem in the context of domestic incapacity problems. If donor states’ political interests are served by support for a particular DIP, then all is well, but if those interests are not complementary with support, IOs are more likely to shift behavior to match donor preferences. This latter situation provides a case where IOs would be faithful to donor states, but would underperform from the perspective of fulfilling DIP mandates.
The *IO Responsiveness Hypothesis* (*H2*) predicts that when actors inside the IO bureaucracy—for example, IO leadership, and different departments and offices—hold complementary interests, they will attempt to align their behavior with the wishes of donor states in order to protect IO interests. If the fates of separate offices and departments are linked, they will act in the best interest of the whole. But the treatment of IOs as collective agents in Chapter Two suggests that IOs, and particularly IOs engaged in solving domestic incapacity problems, are sometimes made up of actors that hold incompatible and conflicting interests. Such fragmentation among actors inside the collective agent is likely to inhibit coherent adjustments in response to incentives provided by donor states.

The WHO health systems case covered in Chapters Three and Four provided a first test of *H2*. Throughout the period covered (1978-2010) donor states political interests vis-à-vis the primary health care approach endorsed at Alma-Ata remained relatively constant. The WHO’s largest contributors of financial support, and especially its largest, the United States, were highly skeptical of the approach and did not support it. However, WHO efforts to respond to those incentives varied. Throughout the 1980s and well into the 1990s, they did little to adapt or discontinue the approach to appeal to donors. This changed at the turn of the century, when WHO reframed its health systems work in ways more consistent with donor interests, and also initiated new programs expected to appeal to donors in HIV/AIDS, malaria, and tuberculosis due to the perceived global benefits they would produce. The change in WHO responsiveness is owed (in part) to shifting interests among actors inside the IO.
The WHO case also demonstrates that IO leadership (and member states) is not entirely impotent when faced with a sprawling bureaucracy of actors with competing interests. Rule changes increasing the authority of the Director-General and institutional innovations to increase communication and collaboration across offices were important factors in enabling WHO to respond to external incentives provided by donor states. The case raises a question about the relationship between interests and institutions inside IOs. In the WHO case institutional changes were useful in shifting interests, but in the GEF case, the interests of the parts—the World Bank, UNDP, and UNEP—obstruct institutional changes that might improve performance by increasing collaboration and coordination.

The GEF and WHO cases also point to different types of conflicts of interest that exist inside IOs. Sometimes different actors have different policy priorities. This has been the case between WHO country offices and headquarters in recent years. Country offices repeatedly convey the importance of health systems, while headquarters’ primary focus is on global programs. On other occasions competition over revenue and turf motivate disagreement. This was the case in the early years of the WHO case covered in Chapter Three and it is has been true at the GEF as well where concerns over money and status are important drivers of the behavior of the Bank, UNDP, and UNEP. As rivals, the three implementing agencies compete for projects, and as a group, they lobby for increased power vis-à-vis the GEF Secretariat.

Though the *IO Responsiveness Hypothesis* is useful in explaining whether or not IOs will respond to incentives provided by donor states, it stops short of providing insight
into the nature of that response, which has important implications for performance. If conflicts are over which programs to prioritize (health systems case versus communicable disease), they may have a positive effect on fulfilling DIP mandates. In the early 2000s, the prioritization of health systems by WHO country offices contributed to renewed investments by WHO in a health systems mandate that might otherwise have been discontinued. In other situations this is not the case; when insular interests overtook WHO in the 1980s, the effect on performance was negative.

**Implications for IO Research**

At its most broad, the dissertation project suggests IOs and donor states are two sets of actors critical to IO performance and that their incentives to solve problems varies depending on the type of problem at hand. Just as scholars of international institutions produced different games to illustrate variation in the incentives faced by states when considering cooperation, I differentiate between global and domestic incapacity problems and outline how their incentive structures vary. The implication that follows is that IO performance is likely to vary across mandates aimed at solving different problem types—not just because some problems are harder and some are easier—but because the incentives to solve the problems are different. For this reason, studies of IO performance should pay careful attention to the incentives relevant actors face across problem types.

The discussion of IO performance in Chapter Two states that evaluations of IO performance depend on the evaluator’s perspective. The focus on domestic incapacity problems draws attention to two different perspectives on performance and the potential
for disjuncture between them. An IO that falls painfully short in fulfilling its DIP mandates may nonetheless be performing well from the perspective of donor states that place greater importance on other IO functions. For IO research, this means that frequent inquiries into the faithfulness of IO agents to member states are somewhat detached from questions of performance. The framework provided here shows that faithful IOs are strong performers only when donor states are supportive of DIP mandates. When donors do not support DIP mandates, IOs are faithful agents but weak performers. Two lessons can be drawn from this. The first is that to the extent scholars are interested in whether and when IOs actually solve problems there should be an increased consideration of variables other than faithfulness or compliance with member states’ wishes. Second, we should be careful not to view these latter variables as somehow good in a normative sense. Just as cooperation can take the form of collusion at others’ expense, so too can IOs be faithful to selfish causes.

The WHO and GEF cases provide evidence in support of arguments made by a small but growing chorus of IO scholars that explanations of IO behavior will be incomplete so long as characteristics internal to the IO bureaucracy go unconsidered. The shortcomings in GEF performance cannot be explained without reference to competition between actors inside the GEF and the sad state of the WHO in the 1990s cannot be explained without reference to the role of its regional and country offices. The collective agent concept introduced in Chapter Two and utilized in the WHO and GEF cases provides one approach to thinking about IO bureaucracies as plural actors. There is reason to believe this approach will be useful to other studies of IO behavior, particularly
in the context of incapacity problems where the nature of IO tasks requires their structure to include multiple actors with some degree of decentralization. Although one must be careful to generalize from small-n studies like the one conducted here, empirical studies indicate that internal problems are not unique to the WHO and GEF case, the latter of which includes the World Bank, UNDP and UNEP. Evaluations find similar problems at the Food and Agricultural Organization, UN Department of Peacekeeping Operations, and the UN Education, Scientific, and Cultural Organization (Christoffersen et al. 2007; Campbell and Kaspersen 2008; Forss et al. 2006).

Increased attention toward internal characteristics should come in addition to, rather than instead of, attention to the external incentives that IOs encounter. The dissertation illustrates that internally complex IOs are engaged in a strategic relationship with their member states. Without proper consideration of both internal and external incentives, explanations of IO performance are likely to be incomplete. This draws attention to the complementary nature of current sociological and rationalist approaches to the study of international organizations. The control mechanisms of member states, long emphasized by rationalists, remain important. But their efficacy is likely to vary depending on the interests, culture, competition and conflict inside IOs. All of these are relevant in explaining whether and how IOs respond to external incentives.

**IO Performance: Trends and Challenges**

The insights from the dissertation illuminate two practical challenges to strong IO performance. First, so long as donor states are not much affected by IO efforts to solve
domestic incapacity problems, IO performance is likely to be a second priority for both donor states and IOs. This means that IOs will have fewer financial resources and be less competent than necessary to perform well. Second, the WHO and GEF cases indicate that even if IOs were properly funded, internal fragmentation has the potential to severely inhibit strong performance. Emerging trends in global governance and in institutional design have the potential to affect the severity of these challenges. In what follows I discuss a few of these trends and their likely effect on IO performance in light of the dissertation’s findings.

*Change at the Top*

Since World War II, the United States, Western Europe, and Japan have served as the primary financiers of the UN system and the Bretton Woods institutions. The financial importance of these states is reflected in the design of most of our international institutions. It is most clear in veto power on the UN Security Council, or US de facto veto power at the World Bank. In other institutions, like the WHO, donors are not formally endowed with greater powers than other members, but in practice, their money buys considerable influence. Emerging trends and proposals have the potential to influence change among these donors that sit “at the top” of IO governance. In what follows, I consider a few of these potential changes and their effects on IO performance.

In March of 2005, ministers from developed and developing countries and heads of multilateral and bilateral development institutions met in Paris to discuss ways to make foreign aid work better. The framework that emerged from the meeting was the Paris
Declaration on Aid Effectiveness. The meeting recognized that effective aid required not only IOs and recipient states to be held accountable, but also donors. In the document, donors commit to “Provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules” (OECD 2005/2008, 5). In the context of multilateral assistance, the Paris Declaration would prevent donors’ political interests from intervening once funding commitments have been made. Increased funding reliability enables better planning on the part of IOs and enables stronger performance. At the same time, the Paris Declaration commitments do not address the underlying incentive structure of donor states that tends to skew IO activity toward agenda items that coincide with donors’ interests. In the end, proposal is conservative in that it accepts the current donors and their interests as given and attempts to mitigate the effects of those interests through commitments to provide more reliable funds.

An approach to bring about a more fundamental shift in donor behavior is to change the actors sitting ‘at the top’ of global governance. One avenue has been to elevate the position of recipient countries in IO governance structures. Chapter Five noted that the GEF changed its governance structure in 1994 to include more recipient involvement and the new Adaptation Fund’s Executive Board gives greater representation to recipient countries than to donors. The potential advantage of empowering recipients is that, unlike donors, they are directly affected by the strength of IO performance in solving DIPs. They have firsthand experience dealing with IOs on the ground and are more likely to be motivated to monitor IO performance than unaffected
donors. Despite these advantages, there remain limits and concerns about recipient-centered governance. Developing countries themselves are hardly immune to politicking and it remains to be seen whether representatives from recipient states would serve the interests of their citizens as opposed to the country’s political elite. Even if recipients do make good IO governors, the trend by donor states to shift from mandatory to voluntary funding is likely to undermine the influence provided by the formal positions held by recipients on IO governing bodies.

The problem appears difficult to resolve: why should Western donor states allow others to control how their money is spent? The continued preference for voluntary funding demonstrates donor states themselves have not heard a convincing answer to this question. If IO priorities are forever tied to the interests of donors, then it stands to reason that change in IO priorities would come only when new actors step up to supply financial resources. Here two trends are relevant. The first is the rise of private actors as financial contributors to IOs. This trend is particularly evident in global health where, as Chapter Four notes, the Bill and Melinda Gates Foundation is now the second largest overall contributor to the World Health Organization. In an environment of resource scarcity, IOs have looked to private actors for financial support out of necessity. The WHO not only receives contributions from private foundations like the Gates Foundation and Rotary International, but also from pharmaceutical companies, like Hoffmann-LaRoche,
Novartis, and Merck, and disease-specific advocacy groups like the KNCV Tuberculosis Foundation (WHO 2010).\(^{59}\)

It is not clear that the interests of these private actors would be better aligned with solving domestic incapacity problems than those of current donor states. The largest private foundations have certainly demonstrated an interest and dedication to the cause of reducing global health inequalities. At the same time, the most influential private actors are Western and carry many of the same tendencies as their home states. In global health, private foundations have shared a preference for vertical, disease-specific interventions with WHO donor states in part due to the ease of measuring impact.\(^ {60}\) There is even more skepticism regarding the motivations of private corporations that partner with IOs. The WHO has come under considerable criticism after receiving financial support from prominent pharmaceutical companies with some alleging that WHO staff inflated the threat of the H1N1 virus due to pressures from vaccine makers it relies on for funds (Stein 2010).

Aside from the increased prominence of private actors, the rise of new economic powers provides a second way in which current donors might be replaced by new ones. China and India now boast the second and fourth largest economies in the world. Mexico’s economy is larger than Canada’s and Turkey’s GDP exceeds that of Australia

\(^{59}\) In the 2008-2009 biennium, the WHO received $338m directly from the Bill and Melinda Gates Foundation, $84m from Hoffmann-LaRoche & Company Ltd., $10.5m from Novartis, $8.6m from the KNCV Tuberculosis Foundation and $2.5m from Merck. These are just a few of the numerous private actors that contribute to the WHO.

\(^{60}\) The inability to quantify health systems indicators has long been problematic from the perspective of donor states. This might change in the near future. The Institute of Health Metrics and Evaluation at the University of Washington is working to develop useful metrics in this regard.
or The Netherlands. To date economic growth had not led to a proportionate rise in contributions to IOs. China has increased aid to the developing world, and especially to Africa, but has done so with bilateral agreements rather than through multilateral institutions. These same states tend to emphasize their continued status as developing countries with relatively low rates of GDP per person relative to the West to justify low levels of responsibility in multilateral forums. But this is exactly the reason rising states might actually reshape IO priorities in favor of domestic incapacity problems should they open their wallets. China and India have the GDP to serve as donors and the GDP per person to remain recipients. Unlike Western donors, they would be directly affected by IO activities aimed at alleviating DIPs and might be more willing to fund projects and more motivated to monitor their effectiveness as a result. This is not to say that rising powers would not skew IO activities in their interest as Western powers tend to do, rather it is to say that when rising powers skew IO activities in their interest, they are likely to be more favorable toward domestic incapacity problems than Western states.

**Fragmentation within and across IOs**

Problems at the WHO and GEF, and similar ones reported from other multilaterals, demonstrate that competing interests within and across IOs can hurt performance by inhibiting information exchange, and causing an overall reluctance to collaborate. Over the past two decades a substantial effort has been made to increase IO accountability by increasing transparency (Woods and Narlikar 2001), investigating mismanagement (Grigorescu 2008), and establishing independent evaluation departments

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61 All GDP data taken from IMF, 2010.
(Weaver 2010; Avant et al. 2010). The dissertation’s findings make clear the importance of focusing these efforts throughout IO hierarchies (i.e. across different levels of an IO). Donor states interact most often with high level IO staff at headquarters but should be cautious about whether reforms agreed to by IO leadership will be implemented throughout the organization.

Interestingly, current reforms at UN agencies include efforts to decentralize decision-making and authority (e.g. at FAO) and to do the exact opposite by consolidating different departments under a single authority to avoid competition and duplication (e.g. at the WHO). There is a clear tradeoff: decentralized organizational structures can move more quickly than strict hierarchies and are known for innovation. However, they are also subject to challenges that more centralized agencies are not. Absent a clear authority to resolve tensions and conflicts of interest, decentralized organizations struggle to act as coherent entities. The case studies in the dissertation provide a cautionary tale to movements to decentralize operations.

Finally, the challenge of fragmentation is equally relevant across IOs and even between IOs and other actors in global governance. The proliferation of actors in global health and environment makes this increasingly clear. The GEF case provides one illustration of the competition between the World Bank and UNDP. Chapter Four recounts the rise of private-public partnerships in global health, such as the Global Fund for AIDS, Tuberculosis, and Malaria, that now compete with the WHO for funds and contest its status as a lead agency. Reform proposals at the UN have led to the Delivering as One initiative that places all UN agencies operating in a recipient country under the
same leadership structure and drawing funds from the same budget (Shaukat et al. 2006). Delivering as One represents a step in the right direction for the UN system but the sheer volume of actors in the aid delivery business means that competition will persist into the future and will continue to produce the ill effects associated with the “spaghetti bowl” of global governance.

**Limitations and Future Research**

In testing the hypotheses developed in Chapter Two, I have attempted to exploit variation existing across IOs and IO mandates, but in its current form the dissertation does overlook potentially fruitful opportunities to provide additional tests of H1 and H2. Chapters Four and Five provided tests across global and domestic incapacity mandates within the same IO. An additional observable implication of the argument is that regional IOs should be somewhat less prone to the problems identified, particularly on the donor side of the equation. In regional IOs, donor states would have closer ties to recipients targeted by DIP mandates and may even be recipients themselves. A test of H1 that compares performance of a regional IO and a global IO in the same issue area would strengthen the project.

There is also opportunity to test H1 by doing more to exploit variation in the political interests across donor states. A preliminary inquiry suggests that over the past few years the views of Western European states toward UN agencies like the WHO have improved considerably more than the United States. A test of whether the divergence of

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62 Bhagwati (2008) originally used the term “spaghetti bowl” to refer to the mass of preferential trade agreements and their unfortunate effects on free trade.
U.S. and European perceptions is influencing behavior in expected ways would subject H1 to additional scrutiny.

In its current form, tests of H2 focus on the whether the WHO and GEF made information and knowledge investments and used budget control to support their domestic incapacity mandates in health systems and climate change adaptation. While tests of H1 for both cases include a comparison between domestic and global incapacity mandates, tests of H2 do not provide a thorough treatment of IO information and knowledge investments in response to global incapacity problems. This would be a valuable addition to the dissertation because it would help in distinguishing whether the IO is responding to incentives provided by donor states in a superficial way (e.g. with new rhetoric) or if, as the framework I provide suggests, IOs are actually making efforts to increase expertise in these areas. As it stands, Chapters Three and Five show that WHO (in the early time period) and the GEF are not making knowledge investments to improve competence in health systems and adaptation, but it does not show that they are doing better in the areas of response to global disease outbreaks and mitigation.

An additional limit of the dissertation is that it assumes, rather than tests, that the indicators of IO performance used here will (all else equal) lead to increased effectiveness in solving domestic incapacity problems. The problem with this is not that the statement itself is incorrect, but rather that all else is rarely equal, raising the question of “how much” these factors matter relative to others like commitment and capacity in the developing countries that receive IO projects. The answer to the “how much” question falls outside the scope of the dissertation, but it stands to reason that the answer
varies considerably across recipient states. The lowest capacity recipients are in the greatest need of assistance, but unfavorable conditions on the ground might overwhelm IO influence in solving DIPs. In contrast, the highest capacity recipients are more likely to use IO assistance effectively, but need it less. In these countries, IO influence might also be relatively low, since high capacity recipients have considerable domestic expertise and alternative sources of assistance. Perhaps IOs stand to have the most influence in a large group of recipients with middling capacity, where domestic institutions are nascent but growing and economic prospects are neither dire nor rocketing upward. Future studies of IO performance should consider the question of where IOs make positive contributions in building domestic capacity. In doing so we can begin to identify how answers to the “how much do IOs matter?” question vary across recipients.

Further evaluation of the relationship between IO faithfulness and performance is an avenue that promises both theoretical and political insights. When do faithful agents fail to fulfill mandates? The dissertation provides some initial insights but future work should do more to distinguish faithfulness and performance conceptually and investigate the conditions under which faithful IOs are strong or weak performers. A related line of research would evaluate who is served by the trend to increase IO accountability. Are current accountability mechanisms aimed at increasing faithfulness or mandate fulfillment (or both)? What are the effects of increased accountability on performance?

The expansion in the role of international organizations begun in the twentieth century and continuing into the twenty-first demands a re-thinking of IOs as actors in
international politics. The mandates of prominent IOs like the World Bank, the UN Development Program and World Health Organization call on them to address severe inequalities between the developing and developed world, but are they provided with incentives that encourage them to do so? In the context of complex IO bureaucracies that include multiple actors, the question is not a simple one. Though there is considerable variation across the universe of multilateral organizations, the prominent IOs of the day are not skeletal secretariats. Rather they are substantial organizations with global reach. How do these organizations respond to incentives provided by donor states and when do they fulfill mandates to lift up developing countries? These questions have been central to the dissertation. The answers provided here and in future work should be useful as we consider the evolving role of IOs in international politics and attempt to manage current institutions of global governance.
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